THEY TOLD BARRON

THE NOTES OF

CLARENCE W. BARRON

EDITED AND ARRANGED BY

ARTHUR POUND

AND

SAMUEL TAYLOR MOORE

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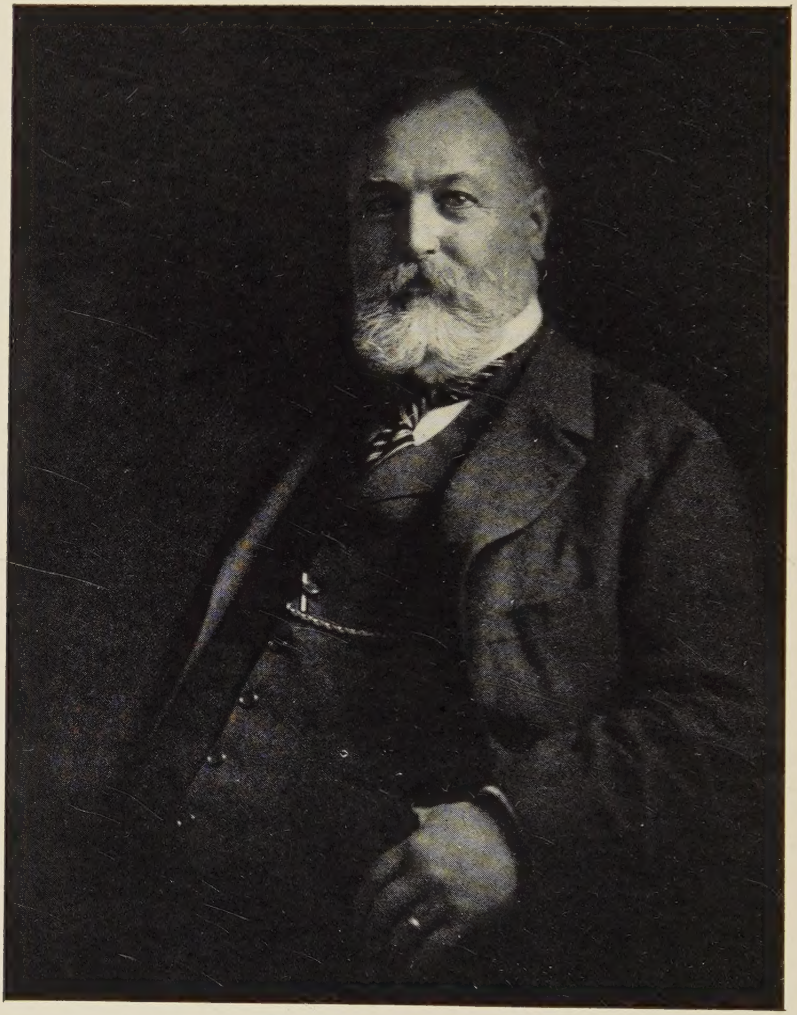

Clarence W. Barron.

THEY TOLD BARRON

CONVERSATIONS AND REVELATIONS OF AN AMERICAN PEPYS IN WALL STREET

THE NOTES OF THE LATE

CLARENCE W. BARRON

PUBLISHER OF *THE WALL STREET JOURNAL*
THE *BOSTON NEWS BUREAU*, ETC.

EDITED AND ARRANGED BY

ARTHUR POUND

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M-E

It is not learning, grace nor gear,
Nor easy meat nor drink;
But bitter pinch of pain and fear
That makes creation think.

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FOREWORD

OCCASIONALLY a book appears which gains immediate attention and long life because of its frankness, because it lifts the veil which usually hangs between the public and those notable persons who make the events which the public endure. In our day several such books have appeared, notably the *Diary of Lord Bertie,* British Ambassador to Paris, 1914-18, Burton J. Hendrick's *Life and Letters of Walter H. Page,* and Colonel Repington's *The First World War.* What these revealing volumes were to politics, diplomacy, and military history, this book is to finance. It is compiled from a running record of conversations between C. W. Barron, the father of financial journalism in America, and all those varied persons of importance with whom he talked intimately during the ten years from 1918 to 1928.

People talked to Barron not only because he was a power in journalism, able to push or retard their interests and plans, but also because his personality invited the confidences of overburdened souls. In physical appearance he was jolly Kris Kringle in the flesh. Short of stature, but impressive in breadth and girth, his sparkling blue eyes, ruddy cheeks, and whitening beard completed a Santa Claus picture which did not belie its owner, for his heart was as benevolent as his appearance. Always a reporter, he was ever putting himself in the way of news; but his interest in human beings, their circumstances and personal problems, far outran the possibilities of his specialized field. Thus we find his notes a treasure of intimate human portraits in which office boys and innkeepers mix daily with statesmen, caught off their guard, amid the escapades of the elect.

For eleven years before his death in October, 1928, Mr. Barron had been making notes for an autobiography destined never to be written. Always a bull and never a bear on the market, he remained, likewise, an optimist on his mortal span

to the very last, with the result that the autobiography is but a fragment, while the material collected for it exceeds a million words—enough to fill eight volumes the size of this.

The genesis of this vast accumulation can be found in the fact that C. W. B., as a lad, was trained as a court reporter. It was his habit to carry in his capacious vest small white cards, upon which his flying fingers jotted down shorthand characters with lightning rapidity. More often he made these shorthand notes as soon as his caller left; and frequently he read them over—probably with a chuckle—before turning in for the night, which might be any time in the morning. Before leaving his bed the next morning, he would dictate to his secretaries these records of his conversations, using his cards as a basis but expanding the notes out of his prodigious and photographic memory. This process was occasionally interrupted by illness. Several of the long gaps may be traced to bouts with the ills which beset the aging and the overweight. Other breaks may be due merely to loss of interest, and still others to loss of notes duly transcribed. The notes of one very happy ocean voyage, when C. W. B. was a fellow passenger of Queen Marie of Rumania on the *Berengaria,* cannot be located, although the acquaintanceship is alluded to briefly in those of later years. In general, however, a European journey meant copious notes, as a secretary always went along, and it was Mr. Barron's habit to keep busy everyone around him.

The notes were taken and recorded without a trace of guile or malice, for no other reason than to enable the writer to reproduce the varied contacts of his career in a book which should engross his old age and be of some service to posterity.

The idea of an autobiography clung to his thoughts for years; but it does not seem to have become purposeful until, on his way to Europe in 1921, he read Repington's diary.[1] We find this note to a subordinate: "Col. Repington's book that made him very unpopular is very useful. Get it." As a newspaper man with a passion for being "on the inside," C. W. B. must have played with the thought that he could do something as revealing as Repington's work. At any rate,

[1] While generally called a diary, and resembling one in arrangement, the title of Repington's book is: *The First World War, 1914-18: Personal Experiences of Lieutenant-Colonel C. a Court Repington, C.M.G., Commander of the Order of Leopold, Officer of the Legion of Honour.* Published by Houghton Mifflin Co., Boston and New York, 1920. Probably Repington used his diary as a basis, but expanded some of the items later.

the notes grow fuller and more readable thereafter; and he quit inserting cautions on their use by other persons.

In 1918 our author was quite stern regarding his notes. We find this preface to his European notes of that year:

> Should anyone happen to read these imperfect notes he will please remember that they are stenographic notes dictated, and in many parts, not revised or corrected by the dictator.
>
> Many things are set down as heard which are not true, but are valuable to check the accuracy of the informant. Many things are confidential and yet not so marked.
>
> No use can therefore be made of these notes with justice or accuracy except through the mind of
>
> CLARENCE W. BARRON.

By 1921 he had mellowed down to this, by way of preface for his notes on that journey:

> These notes are only for the purpose of assisting me in writing on European Reconstruction and many pages may not be re-read after dictation and cannot be regarded as reliable notes except where proved by the context or knowledge of any reader.

After 1921 no warnings of any sort appear, and the material for the later years is so copious as compared with those preceding that we conclude that he reconciled himself gradually to the thought that other minds might work over his notes. It would be quite out of line with this great journalist's passion for truth and its candid presentation for him to believe that his diligently recorded notes would go to dust without commanding attention.

Those most closely associated with Mr. Barron regarded these memoranda chiefly as working notes, proof of his zeal for close-contact reporting and evidence of his consistent belief that, in a reporter, a background of history was in each case essential to the correct treatment of a subject when it culminated as news. We have weighed this thought in the light of the notes themselves, and while not disposed to dismiss their opinion offhand as erroneous, nevertheless we believe Mr. Barron intended a further use for them. His notes covered a far wider range than financial journalism could possibly use;

they include subject-matter unsuited to responsible and discreet publication for years to come, and they were, in point of fact, seldom referred to after being reduced to record. As far as we can judge from the condition of the copy, not one sheet in five has ever actually served as a working note. Those which were so used can be easily identified because the obvious corrections in them have been made and they show other evidences of having been handled; but the vast majority of the sheets came to us apparently as they came from the typewriter, except for the telltale signs of age and neglect.

Except for the identifying footnotes and chapter forewords, our work has been almost entirely one of selection. We have not tried to restrain the breezy loquacity of these conversations. These are busy men talking, not leisurely men writing. Our first concern has been to preserve the complete candor of the manuscripts, to the end that future generations will then—a century or two hence—look to Barron in some degree as we look to Pepys, for the essential truth, the savor and flavor, of a day that is gone.

There remains to be discussed the moot question of the untruths of which C. W. B. warned us from the other side of the grave. No doubt seven-eighths of those untruths were automatically eliminated in the course of the reduction of the manuscripts to these proportions. Where a falsehood was recognized and seemed to have no value as history, or provided the reader with no useful check on the veracity of a witness, we have omitted it. Where we recognized as false a statement reflecting the spirit of the time or revealing inwardly a character in the text, but otherwise harmless, we let it stay. Where an apparent falsehood is later corrected by the text we let it stay. Where an apparent falsehood would do a person or institution damage outweighing any possible value, we have omitted it.

It seemed advisable to group some of the material in chapters dedicated to certain major activities and subjects, instead of following a straight chronological sequence throughout; but the brief introductions to the chapters will serve to correct these inevitable distortions.

It remains merely to say that these notes, though lacking the literary polish which they would receive at Mr. Barron's hands in an autobiography, are unmistakably more veracious,

in many respects, than any autobiography he could have written. He was both a warm friend and a discreet man; and in the writing of an autobiography from these notes, friendship and discretion would have sat at either elbow, pulling this stroke or that, emphasizing this or reducing that. This book, on the contrary, has all the merits and demerits of raw material, which we have an idea will be considered source material by posterity. Source material, too, of an epoch without parallel in history, embracing as it does a war of unparalleled destructiveness and its reconstruction era, a shifting of power in international affairs and the crescendo soaring of a market boom, in which the author of these notes stood near the center and watched the millions roll.[2]

[2] Since the above was written more notes have been discovered, too late for use in this volume. They are especially voluminous in covering the years from 1892 to 1918, with emphasis upon the copper conquests of New England in the West, the rise and fall of the New Haven, and the panic of 1907. Some of these may appear later.

CLARENCE WALKER BARRON

A Biographical Sketch

In the early winter of 1927 C. W. Barron began an autobiography, for which he selected the name "Financial Reminiscences," writing the foreword and beginning the first chapter. This follows:

> I was born July 2, 1855, in the old north end of Boston on Cross Street in a stone house whose front was covered with a green vine growing from the smallest kind of a front garden, and whose rear was marked by a spacious yard surrounded, as I remember, by a low structure, topped by terraces, for clothes line work, and largely occupied by several large cats, of whom the Walker family were very fond.
>
> My Mother (née Elana Noyes) gave me the name of Clarence Walker out of regard to her friends, the Walkers, in whose house I first saw the light, and whose name must have been identified through more than one generation with the Quincy Market where they had a wonderful stall with counters piled high with all manner of fresh fish, for the Quincy Market is but a few feet from the old water line of Boston Harbor—now and for more than a hundred years one of the great fish markets of the world.
>
> My earliest recollections, therefore, are of a vine-covered stone house, with many household feline pets that nestled in sofas and chairs and atop of the family clock, and exercised in their own yard and shed roofs. In those days the north end of Boston with its narrow streets were well crowded with horse-drawn vehicles and farmer boys from the country who were seeking their fortunes in the city.
>
> My recollections of later days cluster around the

rosy-cheeked Walker brothers with their beautiful manly voices that, had they been of later date, might have won fame on the operatic stage, and around the markets and warehouses of Commercial Street where my father—"Honest Henry Barron" they called him there—did business as a teamster. Ill health from an early age forced him to live in the open air. Closed-in gatherings or too much gas light made him ill, and the odor of boiled lobster, then a favorite food in Boston, would overcome him.

But I loved the wharves, the granite blocks, and all the life that swung around the Boston Customs House and the crowded market streets.

When one of my uncles came from the home farm in Sterling, Massachusetts, and rode with my father through Commercial Street, he exclaimed, "Henry, why don't you stop and let all these teams go by?" I remember that my father laughed as he replied—"You would wait until after sun down."

At that time the traffic on Commercial Street, which was reasonably wide, was so great that teams moved very slowly on both sides while goods vans loaded and unloaded across the sidewalks.

Stories of the sea and adventure were early in my ears, and I always took note of signs, door ways, cellars, and lofts. One sign that interested me most was that of Isaac Ketchum and Uriel Cheatham and their sign by the door way was made to read "I Ketchum and You Cheatham."

Before 1860 my family had moved to Charlestown, and my recollection is there of tugging at my mother's dress by the front door as she discussed Abraham Lincoln, slavery, and the news of the day with peddlars and trades people who came with their wares, or to solicit orders.

Telegrams were unheard of and letters were a rarity. I was recently astonished to find in going over some old papers that at about 1850 my father received letters without envelopes, but folded, sealed and addressed.

I remember the bells ringing for the opening of

the Civil War, the soldiers marching, and later I remember my father holding me high in his arms on a wagon to view the face of Abraham Lincoln as he passed amid the cheers of dense crowds, sitting in an old fashioned barouche lifting his high hat and bowing left and right.

Although I had lived in the town of Charlestown, then a separate municipality, I received permission to attend the English High School in Boston, through the influence, as I remember, of some relatives upon the Boston School Committee.

The Boston Schools were not crowded at that time and school courtesies were extended to neighboring towns.

I was a youth of sturdy legs—

A list of headings follows which continue the story by suggestion:

Walking to school
Telling the truth
Fighting for the right
Map drawing
Saving Pennies
Brothers bold
Night Key
Baseball
No football
J. P. Morgan's school
Franklin Medal
Advanced course in chemistry and mathematics
Lawrence prizes
Transcontinental Railways
Civil Service Reform
Studying shorthand
Pale faced and cheeks. Had to live in the country for health.

It is of record that the writer of these reminiscences needed his sturdy legs in after years, not only for bringing in the news of pre-telephone days, but also for supporting his growing

weight, which reached, at its peak, the impressive figure of 330 pounds. But for the time being they were useful for carrying young C. W. B. on explorations. They carried him, no doubt, not only down to the fishing fleet, but also up Bunker Hill and Breeds Hill, where he sat on the grassy intrenchments dug by the patriots of 1775 and listened to some older boy recite the story of the battle which began America. His patriotism remained ever of the fierce, unquestioning Bunker Hill breed, which no amount of travel or foreign contacts could quite tame; he was typically American, too, in his appreciation of self-made men and his love of success in all avenues of endeavor.

It would be interesting to know if one of C. W. B.'s boyhood playmates was Thomas W. Lawson, the spectacular speculator, whose book, *Frenzied Finance* became a best seller, and with whom C. W. B. waged in later years the most bitter feud of his whole journalistic career. Lawson was born in Charlestown in '57; Barron reached there in '59. Of these two enemies from old Charlestown, Lawson passed on, beaten and discredited, while Barron went from Boston to the wider responsibilities of New York and Europe. Nevertheless, the duel left its scars on both men, and years later C. W. B. told his staff, with a subtle mixture of rancor and philosophy, "If you must fight, pick only worthy adversaries."

From Charlestown, C. W. B.'s sturdy legs carried him over the Charles River to Boston. In the English High School he twice won the Lawrence prize with essays entitled "Transcontinental Railways" and "Civil Service Reform," both of which clearly forecast the journalist.

Another manuscript, an interview in which C. W. B. engagingly interviewed himself, carries on the story of his early life up to the founding of the *Boston News Bureau*. In it he adds materially to our knowledge of his early life. He notes his fondness for drawing, an early inclination which resolved itself into a hobby for map-making.

> My vacation times and odd moments had usually been employed in drawing maps on Bristol board covering practically every country in the world: . . . I made my own tools and colors, smoothing down and bending a flour-barrel hoop to mark my curved lines of latitude or longitude.

But his determination to write ripened early. "I was not fifteen years of age before I determined I would be a newspaper man." Stenography was to be merely a means to an end. He began stenography by himself, using Munson's text: and pioneered on his own, a trait which persisted to the end. Before he came under Yerrington's [1] tutelage, he had worked out many original signs which he used all his life. He writes:

> Pioneering for myself gave me knowledge of many side issues in language, sound and speech. I believe it is a great mistake to give the shorthand field over to girls. I think it is the best training for young men in practical life, far ahead of Greek or Latin. . . . I have followed the practice in my different offices of employing the best stenographers available and developing them into newspaper men. Many of them have graduated or fallen into banking fields and the way of wealth.

Opportunity came with a temporary job on the *Boston Daily News,* probably during the vacation of one of the staff. Here, while still under twenty, he scored a success in a difficult assignment, thanks to his skill as a stenographer. Following the panic of '75, the Social Science Association held a debate in which appeared Wendell Phillips and William Lloyd Garrison. Phillips, after his sturdy fashion, did most of the talking. Perhaps because these worthies talked over the heads of a newspaper audience, the rival papers let the affair down gently; but our young *News* man, C. W. Barron, reaching the office with his pockets full of stenographic notes, wrote a long, closely packed story entitled "Wendell Phillips on Finance," which sold out the edition and was reprinted. After that auspicious start, his life work opened, and to the end he remained, above all else, a reporter by profession, habit, and instinct. The reader will find in this book a great reporter at work, probing here and there with insatiable curiosity, squeezing news out of everyone he meets, hungry to discover inside facts—a man exultingly in love with life in all its forms, both systematic and antic.

Soon he went to the *Evening Transcript,* then as now the typical Boston newspaper. His narrative continues:

[1] J. M. Yerrington, court reporter.

I stumbled into news because I was always looking for it. . . . On the *Transcript* I covered everything from police court to the Executive Chambers at the State House. One day I wandered up to the State House and opened up on the subject of Massachusetts and the right of the Governor to get the advice of the Supreme Court, as to whether he should let Jesse Pomeroy [2] be hung or commute his sentence to imprisonment for life. It was a burning issue. I made an interesting item. Veteran reporters laughed at me, but they had never read the constitution of the State.

How did I get into the financial field?

I used to write up commercial features for the *Transcript,* finding my own problem and solving it. There were complaints about the loss of Boston's merchant commission business. A through bill of lading had been introduced and Chicago and Liverpool men could do their business in grain direct and ship through Boston. . . .

There was a declaration that Boston was paying taxes on harbor property used by foreign interests of no benefit to the city. I gathered the amount of wages distributed by the steamship business in Boston, and pursued the subject down to a finality. I showed an advantage of $1,000,000 a year at least to Boston on through shipments, besides the collateral advantage of a port development on which local business could build. The Board of Trade republished my findings. The discussion ended and has never been heard from since.

The chance to establish a financial department for the paper came soon after:

One day I reported to my superiors that it was absurd to give the quotations of Boston securities and every transaction, yet never give the news under the fluctuations; that I believed there was a news item

[2] Massachusetts' famous life prisoner, who has spent over half a century in prison. Mr. Barron's interest in Jesse Pomeroy continued for many years.

every day in State Street that might be picked up. I was asked to annex that to my daily duties. I said, "Give me my whole time." My request was granted. To the end of my *Transcript* connection I never failed to make good with a financial story every day.

I thus established the financial section of the paper. The result was unexpected. The *Transcript* was already taken by everyone; yet in a few weeks the *Transcript* circulation increased fifteen per cent.

I delved into every nook and corner. I followed Atchison in its phenomenal rise from $8 to $150. I became the authority on Atchison, and later on C. B. & Q. I fell out with the *Transcript* when I declared the New York & New England bankrupt. I had denounced Henry Villard's Oregon Transcontinental scheme. I spoke of him as "Visionary Villard. . . ."

After that thrust Barron's stay on the *Transcript* became impossible, because of one of those family complications which mean so much in Boston. Villard had married Fanny Garrison, the daughter of William Lloyd Garrison, the abolitionist, or as he was later called, the Liberator. The pioneer abolitionist, C. F. Hovey, backed Garrison in all things, and the C. F. Hovey & Company office was also *Transcript* headquarters, one of its members, Mandell, being president of the newspaper company. C. W. B. took a year to look around and then launched, in 1887, the *Boston News Bureau,* a new idea in news-vending as well as in finance.

C. W. B. concluded that Boston, a financial center then relatively as strong as, perhaps stronger than, the New York of the same period, needed financial news oftener than twice a day. To find news and spread it quickly, that was the mainspring of C. W. B.'s life for the next forty years. At first the Barron system included only C. W. B., a printer with a small press, and a couple of messenger boys. For a dollar a day Barron agreed to send news to bankers, brokers, and business men as fast as he could find it, get it on paper, and bring it to their doors. His bulletins were mere handbills struck off on standard-size sheets, with formal headings and no attempt at fancy typography—just news. However, it was news right off the street, right off the press. A little later it would be news right off the ticker;

but as yet there was no ticker. When the ticker came, C. W. B. would have his hand on that, too; in his zeal for news gathering and vending, no mechanical aid was overlooked. As a reporter he was in at the birth of the telephone. Barron reported in the *Transcript* a demonstration of the telephone which Alexander Graham Bell gave to the Society of Arts at the Massachusetts Institute of Technology, May 31, 1877. In his closing years he had eighteen telephones in his house on Beacon Street. But at the start—in 1887—the Barron Service consisted chiefly of C. W. B. legging it nimbly around State Street, C. W. B.'s nimble fingers flying over copy sheets, the little hand-fed press banging away, and the two delivery boys running around with C. W. B.'s little hansards.

An intensely personal venture, with a vivid personality at its center, is sure to succeed. Whether Barron was explaining a financial statement or preparing one of his Wall Street sermons, he never forgot that his public deserved all he could give it. "The soul of all writing," he declared to his staff, "and that which makes its force, use, and beauty, is the animation of the writer to serve the reader." Yet no division of journalism is quite so impersonal as financial journalism. In this field one deals only secondarily with men and primarily with figures, statistics, forces, systems, corporations, mergers. Fortunately, Barron perceived all these as mere wrappings of the human spirit; with these he dealt, they were his stock in trade, and he had a superb knowledge of their complexities; but he realized instinctively that at the heart of every system was a man. If he trusted that man he trusted his statistics. Also he knew that whenever he touched a corporation he was touching flesh and blood, all the way from chairman of the board down to the office boy and the small stockholder on the ultimate edge of things. They were his public, his readers, his friends; and for them he worked forty years at full steam, and with that intensity of labor and conviction so often found in a profession which has a helpless public on its conscience.

Presently a newspaper evolved. Subscribers desiring to take home Barron's news for evening consumption found a sheaf of handbills awkward to handle. Accordingly, the items, still in their wide-measure type, were grouped and struck off, first on a single large sheet, printed one side; later printed on both sides and folded. If the items published and distributed during the

day were not enough to fill the sheet, the extra space would be left blank. There was no advertising. To the end of his days C. W. B. protested that his sort of newspapers were better off without advertising. In so far as he could resist expansion based solely on advertising demand he did so, because of a conviction that what rose by advertising might fall by its lack. When the figures showed, at length, that the *Boston News Bureau* had grown to a budget-size where it must have advertising, he was genuinely disturbed, although the growth meant a fortune for him. He felt more vulnerable then than he had been in the old handbill days. Similarly, large circulation had no lure for one reared in the *Transcript* tradition that there are not 50,000 persons in New England intelligent enough to deserve the *Transcript.* C. W. B. liked *The Wall Street Journal,* which came under his wing in 1902, better when it had 10,000 circulation than when it had 40,000, and he always liked the *Boston News Bureau* better than he liked *The Wall Street Journal.* For one thing, the *Boston News Bureau* was his own child; for another, it was smaller, and rock-ribbed against all the accidents of journalistic fortune. He had the feeling that his New York career was an adventure; while Boston was home, where nothing could possibly go amiss.

C. W. B. was no easy boss. In these notes you will find him taking the affirmative in debating with Charles M. Schwab the wisdom of handling men roughly. It was part of his policy, as a boss, to "ride" his men until they were broken to suit him. He considered this a part of his duty toward them no less than toward his properties and the public which both men and papers were expected to serve.

Never—absolutely never—did C. W. B. dismiss anyone from his employ. Partly this was sheer kindness of heart; partly the realization that the time he had put in training them to do the job his way would be lost if the recipient went elsewhere. Many a reporter on the Barron newspapers, driven to desperation by C. W. B.'s insistent directions, would threaten to quit, only to have the boss become apologetic in turn and heal the breach gently. It was not uncommon for a subordinate, after such a bout, to find a present at his home, or a raise in his pay envelope, as a sign that all was forgiven. As C. W. B. was himself a slave to work, so his criticisms held nothing personal, but were always aimed at advancing the great objective—the

gathering and distributing of dependable financial news. Personal considerations were as nothing compared with getting the work done.

As one delves into the personal relations of this gifted man with his staff, it is clear that his attitude was less that of a dictator than of a company commander—the first among equals. "You could fight with him without being fired," said one of his market experts. "One of the greatest reporters in the world, he understood the pressure that a newspaper man works under, and realized the difficulties and peculiarities of disposition it develops."

Another tells how C. W. B. spent hours with him, revising the young man's copy. Still another says C. W. B. telephoned him one Saturday afternoon, asking: "What are you doing in the office at this time of day? Damn those letters! I only wrote them to get them off my chest. Throw them in the waste-basket. Your place is in God's fresh air with your family."

But perhaps the most striking testimony on the subtlety of C. W. B.'s relations with his staff is that left behind himself by the late William P. Hamilton, editor of *The Wall Street Journal* for many years.

> "He was the most astonishing worker I ever saw, [wrote Hamilton]. He would begin a conversation with me while carrying on business with two secretaries and attending to two telephones. He would never get one of those threads of interest entangled with the others. He would put down one subject and resume his discussion with me exactly at the point he had left it a few minutes before. In the gathering of news he was utterly indifferent to the criticisms of others, and for that reason no one was big enough to snub him.
>
> It was useless to tell Mr. Barron that he was working too hard and that he should reduce his allotted six men's work to about two. . . . He knew that I loved him not merely for his qualities but for his faults as well, and he took advantage of it in a way which makes me smile sadly, now.
>
> He interfered little, if at all, in the conduct of the

editorial page. From 1919 to his death I doubt if he saw an editorial before it appeared in type. . . . We worked out between us a theory of editorial-writing which has stood the test of time and experience. We were agreed that opinion was utterly out of place in news. The reporter, always a specialist in our case, must state the facts fully, clearly, and with an accuracy not commonly expected on a general newspaper. We considered that an editorial should be an expression of opinion after bringing out what was implicit in the news but not expressed in the news story. Barron thought that an editorial which did not tell something the reader had not known was poor stuff.

When it was apparent we were not seeing eye to eye, I would thresh things out with him at his house on Beacon Street or on the porch of his country residence at Cohasset, looking out into that lovely little harbor. Sometimes he would work by a process of exhaustion. We would talk about everything. . . . Frequently until four in the morning, when I felt like propping my eyes open with spent matches. Then he would come to the point. He never fought on the other fellow's ground, and he clearly appreciated the advantage of a tired opponent."

This revealing statement indicates the deference which C. W. B., with all his impetuosity, paid to the opinions and professional pride of the men he hired. Where he might have commanded obedience, he went to infinite pains to convince.

The World War found the Barron properties well organized to meet the new responsibilities and ride to new values on opportunities offered. A discerning eye can perceive, in these notes, C. W. B. growing through his overseas contacts during and after the war. When the United States joined the conflict, he swung into action with all his guns. That Bunker Hill patriotism flared high and burned hotly; he who could look a financial statement over critically, swallowed, alas, every absurd atrocity tale poured into his ears. But this was a passing phase, and we soon find Barron working for a reasonable liquidation of war costs and for reconstruction without hate.

By 1921 C. W. B. concluded to take a hand in speeding up the international settlement. In that year he visited London, Paris, and Berlin in an effort to solve the Reparations problem. The reader of these notes will follow him along the thorny road to failure, until Basil Blackett gave the plan its quietus in London, the British government with their heavy tax program being unwilling to exempt any securities whatever. Even so, C. W. B. went on to Washington to urge his plan upon President Harding and Secretary Hughes, to whom he wrote an outline of it by request on June 1, 1921. Mr. Hughes thought it was too early to act.

It remains to be seen whether something of the same sort will not be done eventually under the ægis of the Bank of International Settlements; but there is no gainsaying that C. W. B.'s earnest and fatiguing service in that connection represented an unselfish effort to contribute a mighty boon to a distraught world. Travel, to a man of his physique, meant more than ordinary discomfort; and the secretary who accompanied him testifies to the difficulties of that particular journey. The altruistic character of this campaign is the more marked because he renounced at the outset all publicity regarding his conferences with foreign statesmen; neither Barron nor his papers mentioned the meetings with D'Abernon, Laurent, and Glasenapp in Berlin, and the desire of those statesmen for no public discussion in advance was scrupulously observed.

In C. W. B.'s closing years he devoted a good deal of time to raising money for the Coolidge fund for endowing Clarke Institute for the Deaf at Northampton, Mass., where Mrs. Coolidge taught before her marriage to the young lawyer destined to be the thirtieth President of the United States. The project appealed because he greatly admired the lady of the White House. Entering upon the task with a promise to raise $20,000 for the organization expenses of the drive, he remained to become its chief promoter in the raising of $2,000,000.

Another conclusion of the aging Barron, frequently mentioned in the notes, is that the Stock Exchange should limit short selling of standard securities. In one who believed in open trade and no interference with business, this may seem an inconsistency; but it reflects, not only a congenital optimism, but also his growing conviction that the investing public of America, now become the chief investment bloc in the world,

needed protection from the buccaneers of Wall Street. Barron was the personal friend of the buccaneers, some of whom can be seen strutting their millions in these notes, yet he steadfastly stood with the conservative elements in defense of investment as opposed to speculation. This championship would have been more effective if he had been constitutionally able to take and hold the "bear" position himself occasionally, when conditions indicated the wisdom of that position, but that he simply could not do. Like the elder Morgan, Barron was always a bull on America.

Those who loved Barron for his weaknesses, as well as for his strength, perceive that he suffered through excess of loyalty to his friends. Usually he was right in his instinctive choice of persons to trust; but both State Street and Wall Street, to say nothing of the back country where quiet and little bondholders live, found it hard to forgive Barron for his unquestioning championship of C. S. Mellen of New Haven and William M. Wood of American Woolen. Wood's suicide probably cured Barron's faith in the latter; yet Barron, we are certain, died full of confidence that Mellen meant naught but well for New England in his conduct of the New Haven. Indeed, the recent rise in New Haven may give the shades of both men some satisfaction; nevertheless, Barron's fame would ride higher if he had found it possible to take a more detached view of Mellen's work in New Haven. However, Barron's staunchness in this respect makes it easy to understand why his friendships were as the trees of the forest—many and deep-rooted.

The notes of C. W. Barron are shot through and through with expressions of religious conviction. Those who think Wall Street a lair of the devil will be surprised to find in this expounder of Street news and Street philosophy an extremely religious man, a diligent student of the Bible, and a pillar of the Swedenborgian creed, known as the Church of the New Jerusalem. He wrote Swedenborgian literature for the church magazine, published church tracts and documents at his own expense, contributed heavily to all the activities of his sect, and even tried his hand at hymn-writing and prayer-writing. A prodigious reader in all directions, the Bible was ever the last book his eyes rested on at night, or at least on retiring, which was very likely morning. The clergy may find a text in C. W. B. reading his Bible at 4 A.M., after whiling away the hours talk-

ing millions with some of the Street's spectacular operators. The picture, however, is not overdrawn. C. W. B. was intensely religious, and if his notes presage his autobiography, that would have been as religious in its own way as the autobiography of John B. Gough.

In practice, however, C. W. B.'s religion ran pellmell into an ideal of service which he exalted into a creed, after the honest American habit. On the walls of each of his newspaper offices appears this working credo:

> I believe in service.
>
> I believe in the laws; in the happiness; in the mutuality of service.
>
> I know no other happiness; I know no other laws.
>
> There is no other happiness; there are no other laws.
>
> In *The Wall Street Journal* I have sought to create a service. I have striven for a creation so founded in principles that it can live as a service—live so long as it abides in the laws of that service.
>
> I believe there is no higher service from government, from society, from journalism than the protection and upbuilding of the savings of the people.
>
> Savings in the United States may become investments, when guided by financial knowledge, more readily than in any other country of the world.
>
> Wall Street steadily improves and increases its service to the whole country by reflecting the true position of American and world investments.
>
> *The Wall Street Journal* must stand for the best that is in Wall Street and reflect that which is best in United States finance.
>
> Its motto is "The Truth in its proper use."

C. W. B. kept Wall Street on his conscience, and there were times when he had to lay aside his brotherly benevolence and speak out in meeting. He had his own measures of the values of stocks, arrived at after their statements and appraising their men and methods. Unless a corporation could show what he called "assets value" in reasonable proportion to its claims, it could not get a hearing in the Barron newspapers or mention

on the Dow-Jones ticker, a silence so condemnatory that it almost quashed trading in that particular security. In this volume C. W. B. can be seen acting in this rôle of judge and mentor. As such he wrestles and argues with Livermore, disciplines Schatzkin, and denies his friend, Sinclair, the right to have Mammoth Oil quoted on Dow-Jones tickers. These are but specimens of dozens of similar trials in which C. W. B. maintained inflexibly his standards under pressure.

Mr. Barron married, on June 21, 1901, Mrs. Jessie Waldron, a widow with two daughters, the present Mrs. Hugh Bancroft and the late Mrs. Wendell Endicott of Boston. C. W. B. enjoyed an affectionate home life which was at once a solace and an inspiration. Often on the wing, and a lodger at the Ritz while in New York, his homes at 334 Beacon Street, Boston, and "The Oaks" at Cohasset on the south shore of Massachusetts Bay, were the places where his heart expanded most fully.

With the passing of Mrs. Barron in 1918, C. W. B. lost a helpmeet whose counsel was one of the foundation reasons for his power. In his papers we find evidence that he kept her advised of developments in international finance; for instance, he sent to Mrs. Barron in Boston an account, with documents attached, of the Treasury's debts due from foreign governments, and asked her opinion. Even more influential was the restraint which her capable criticism exercised upon his style, which, owing perhaps to the speed and quality of his work, tended to be over-emphatic at times. It is the settled verdict of his editors that C. W. B.'s writing was not as strong and convincing after her death as it had been before. The balance wheel had been lost which controlled his ardor and the leaping conclusions of an impetuous nature.

The following tender letter from C. W. B. to a close friend reveals this deep attachment:

> Mrs. Barron's passing was very beautiful. She knew for several weeks she could not get well, and so told us. She wanted us not to worry, but to believe in the goodness of God, and to understand that she would be happy with her mother, and my mother, and Martha over there. Also she heard the music of unseen spheres and evidently saw things we could not see. . . . But we are all journeying in the same direc-

> tion, and the only thing we can do is just what she would have us do, and what she always did—endeavor to make everyone around us usefully happy.

This home influence flowered in his staff relationships, as is revealed in this tribute by Kenneth C. Hogate, vice-president and general manager of *The Wall Street Journal*, published in the memorial edition of October 4, 1928:

> Nothing brought Mr. Barron more joy than the developing personnel in his various organizations. The spiritual and material welfare of his "boys" was ever on his mind. He knew their wives, their families and their problems through personal contact.
>
> I left Mr. Barron at Battle Creek last Saturday evening. Critically ill at that time, his interest was in the home life of his associates. He asked me to send one of the newer members of the staff with his wife to see him so that he could become acquainted with the wife whom he had never met, for his contention was always that a good wife was the inspiration of all creative work.

At "The Oaks" he felt most keenly his responsibilities as a citizen. There he raised Guernsey Certified Milk at a heavy loss for the babes of Boston, the only satisfaction he received being the right to call himself a farmer in speeches at Ames, Iowa, and other places where farming is still considered the most honorable of occupations. He farmed, of course, with a fountain pen and a check-book, after the best Wall Street standards. It was at Cohasset, too, that he served as chairman of the Harbor Improvement Association and as commodore of the local yacht club. To Cohasset, also, he would first report on coming home from Europe, usually making a speech to the citizenry there before passing on to other and less critical audiences. As a speaker he was ever in demand, being especially sought by groups of bankers and business men.

He delighted crowds and delighted in them, not only as audiences, but for their own sake. "The Muehlbach grill is crowded to the doors," reported his secretary at the Kansas City

convention. "Then, of course, we'll go there," quoth C. W. B. roundly. A friendly man, whether at home or abroad.

"The Oaks" was only one of the extravagances of his later years. First to last, he never changed in his point of view on money. It was an interesting thing to work with—a force, like wind and water, to investigate and understand. But there were better things to do with money than just to save it. One could buy things with it; a boy from Charlestown—in the center of his being C. W. B. was a boy to the last—could go on a buying spree. Yachts, clothes, dresses for the girls, and Turkish rugs for the matrons—how much! $10,000 or $20,000 gone in an hour. Large sums, too, were spent on paintings and etchings which C. W. B. bought with discriminating taste until he had acquired one of the notable private art collections in New England. In the notes occur many references to pictures and collectors which had to be omitted because of lack of space. Loving the water and passionately fond of fishing, C. W. B. spent many happy hours on shipboard, both on his own yacht, the *Hourless,* and on vessels hired in other waters for fishing trips.

What with his burdens of weight and business, he needed a good deal of service and attention. Servants and secretaries buzzed around him. All in all he spent and gave away perhaps $500,000 a year during his last few years, when money was rolling in upon him in waves. At his death his estate liquidated at barely more than $1,000,000. There were balances going to numerous relatives, employes, and servants out of his brokerage accounts, accounts in which he took the losses while passing on the profits, if any. He who reads these notes will understand that a million was precious little for C. W. B. to leave, if he had been the sort to follow his own excellent advices. But instead of making a great fortune, he made a life, a quite remarkable life, the like of which can never be duplicated in America. His contribution is unique, and, having been made, will never have to be made again. Financial journalism, thanks to him, is now, in the main, both accurate and honest. Henceforth it can hardly be less.

In numerous bouts with illnesses born of overwork and overweight, C. W. B. had a habit of running off to Battle Creek Sanitarium, where he and Dr. Kellogg understood one another.

Dr. Kellogg would scold the patient on his dietary lapses and then patiently whittle C. W. B. down toward an ideal 250 pounds. Before most of his European trips Mr. Barron would go into training at Battle Creek. With Kellogg's aid he expected to live beyond one hundred. Consequently, in September, 1928, at only seventy-three, C. W. B. probably set out for his training-ground without realizing that he was under sentence of death.

There on October 2, 1928, he died of pneumonia. Whenever he emerged from the coma into which he had fallen, he would inquire of his hovering secretary, "What's the news?" The news had been ever on his mind through a busy life, and it was on his mind to the last flicker of his dying intelligence. A news man to the end.

PUBLICATIONS
of
CLARENCE WALKER BARRON

Boston News Bureau, founded by Mr. Barron in 1887. A daily newspaper—"The Financial Bible of New England."

The Wall Street Journal, founded by Dow, Jones & Co. in 1882. Purchased by the Barron family in 1902. Published each morning and evening—"The Nation's Financial Authority."

Philadelphia Financial Journal, founded by Mr. Barron in 1896. Financial daily.

Barron's, the National Financial Weekly, founded by Mr. Barron in 1921.

C. W. B. was editor of *Barron's;* president of Dow, Jones & Co., publishers of *The Wall Street Journal;* and manager of the *Boston News Bureau* and the *Philadelphia Financial Journal.*

BOOKS AND PAMPHLETS

The Audacious War, 192 pp. Boston and New York, Houghton, Mifflin Co., 1915.

Better Outlook for Business, pamphlet. Dow, Jones & Co., 1922.

The Boston Stock Exchange, 241 pp. Boston, Hunt & Bell, 1893.

The Federal Reserve Act, 223 pp. Boston News Bureau, 1914.

The Mexican Problem, 136 pp. Boston and New York, Houghton, Mifflin Co., 1917.

War Finance, as viewed from the Roof of the World in Switzerland. Boston and New York, Houghton, Mifflin Co., 1919.

War for Humanity, an address before the Canadian Club of Toronto. Pamphlet. *The Wall Street Journal* leaflets.

A World Remaking or Peace Finance, 242 pp. New York and London, Harper & Brothers, 1920.

THEY TOLD BARRON

Chapter One

'WARE SUBS!

A War-time Journey

An inveterate traveler from boyhood on, C. W. B.'s war-time journey to Europe was by no means his first ocean journey, although it is the first of record in these notes. Its primary purpose seems to have been the gathering of material for patriotic speeches and articles. From first to last he was the ardent patriot, perceiving in Germany the arch-enemy of civilization long before the Administration gave hint of entering the war on the side of the Allies.

Thanks to the influence of his friend, Percy N. Furber, C. W. B. was able to see far more of the front than the ordinary journalist, being in Arras when the first crack developed in the Hindenburg line only eight miles away. Owing to exertion and fatigue, however, C. W. B.'s notes covering this period are somewhat jumbled, and we are indebted to Mr. Furber's diary for a correct understanding of this phase of the journey. The material gathered was used with telling effect by Mr. Barron in his speeches on war subjects during the next three months.

In Switzerland both Barron and Furber were greatly impressed by Dr. William Muehlon, former director of Krupp's, who went into exile rather than approve the war. The Muehlon interviews, however, include little not found in the book "*J'Accuse*", since published, which contains his indictment of the German war party. As far as we can learn, C. W. B. made no use of the letter to Wilson given him by Dr. George D. Herron, the Administration's unofficial observer in Middle Europe. Always an ardent Republican, the Armistice soon freed Barron from the need to support a Democratic Administration as a matter of loyalty.

S. S. Megantic, one of fourteen ships convoyed eastward by the cruiser H. M. S. Leviathan and American destroyers, August 3, 1918.

Rev. Newell Dwight Hillis[1] says President Wilson[2] sent

[1] Plymouth Congregational Church, Brooklyn. Born, Magnolia, Ia., 1858, died 1929.

[2] Woodrow Wilson, 28th President of United States, 1913-21. Born Staunton, Va., Dec. 28, 1856; died, Feb. 3, 1924.

for Charles M. Schwab and, quoting Schwab's exact language, said, "You can consider that the President in whom you have no confidence does not exist as far as ship building is concerned, and likewise my two-by-six Cabinet." Schwab had, therefore, to accept the place of shipbuilding head.

John D. Rockefeller, walking from Stillman's house down Fifth Avenue with Lyman J. Gage,[3] after dinner one evening, said, "Whose house is that?" "Senator Clark's.[4] It cost $5,000,000 and there are $5,000,000 worth of pictures inside." John D. exclaimed, "Where do all the people get all the money?"

At Inter-Allied Club, Paris, August 25, 1918. George McFadden[5] says:

"There are five McFaddens in the firm at Philadelphia, but there are forty-one organized houses of McFadden over the world, and we have a tremendous force of young men to fit into any place made vacant. The Philadelphia house takes fifty-one per cent of the profits of its sub concerns."

I said, "Morgan always took fifty-one per cent of the firm's profits although he had about a dozen partners."

McFadden said: "We took the idea from Morgan."

Berne, September 1, 1918.

The papal Nuncio from Milan called on Dr. Hillis today and the declaration was that they expected war to end within less than a year with the collapse of Austria and Germany.

Geneva, September 2, 1918.

Was greeted by Melville Stone[6] of the A. P. at Hotel Ritz and Edelman,[7] American Vice Consul, who were waiting for us. Stone was on his way to Italy. He said, "The Kaiser has always had a representative at the Vatican. Austria has always been the loyal daughter of the Pope. The Pope is always against democracies."

[3] Secretary of the Treasury, 1897-1902. Born 1836; died, 1927.

[4] William A. Clark (1839-1925), U. S. Senator from Montana, 1901-07. Copper magnate.

[5] George H. McFadden, senior partner, McFadden & Bros., cotton brokers, Philadelphia.

[6] General manager of the Associated Press (1848-1929).

[7] Transferred from Beirut, Syria, where he acted as an interpreter for the United States consulate, to Berne, Switzerland, not long before C. W. B. met him. No longer in the consular service.

The next day George D. Herron [8] told us the following: "In March the financial backer of Prince Ferdinand came here for six weeks to try to get through me to President Wilson for a separate peace for money and the right to take Asia Minor and develop with American money the Bagdad scheme, etc.

"Again this scheme comes back, this time backed by American capital."

Paris, September 10, 1918.

Reached Paris at noon and met John D. Ryan,[9] now assistant secretary of war, who had just come over with Secretary Baker.

Ryan says: "Our promises are only for 4,000 Liberty motors a month. We turned out 2,000 in August. No nation at war ever equalled this output. We have done it in the second year of war."

Geneva, Switzerland. Carl P. Dennett [10] of the Red Cross said to me in Geneva:

"When we opened negotiations for an agreement in regard to prisoners the American forces had no German prisoners. I noted to Gen. Pershing's staff the desirability of having some prisoners and the boys took 2,000 in thirty days and never stopped taking them until there were 44,000. The maximum number held by the Germans was 3,602 the night before the armistice."

Geneva, September 3, 1918. Professor Herron wrote this to President Wilson:

"Dr. Hillis, Mr. Barron and Mr. Furber [11]—gentlemen who need no introduction to you—have been in Geneva for some days. I have talked with them long and freely about the war, the European hope in America and in you, and the dangers that loom black across the prospect of peace. I have begged these gentlemen to seek personal audience with you and to lay before you the results of our conversations. I pray that, for the sake

[8] College professor, author, lecturer, who, because of long residence abroad, won influence on American thought in war-time (1862-1925).

[9] Chairman Anaconda Copper Mining Co., Chile Copper Co. Born Michigan, 1864.

[10] Director Griffen Wheel Co., Boston; Sellers Mfg. Co., Chicago; First National Bank, Boston; trustee.

[11] Percy N. Furber, formerly with Lord Cowdray in Mexico; president Trans-Lux Daylight Screen Picture Co., F. S. I., F. R. G. S.; former president Oil Fields of Mexico, Ltd.

of the great cause, you may be able to give them time in which to speak with you amply."

Paris, September 4, 1918. Ambassador Sharp [12] said:

"I told Clemenceau we had 12,000,000 Germans in the United States, and know the German character better than the French. The distinctive characteristic over other nations is melancholia, which causes a larger percentage of suicides than in other peoples."

Paris, September 5, 1918.

Kerney [13] was appointed Creel's [14] representative in Paris because Wilson knew him when he ran a paper in Wilson's home town. Kerney has questioned whether he was equal to what ought to be done in Paris.

Paris, September 9, 1918.

Atterbury [15] says our soldiers are playing with the French children and making love to the girls and drinking red and white wines. But he has never seen any soldier drunk.

September 13 or 14, 1918. Interview with Herbert N. Casson,[16] London.

Lord Beaverbrook [17] began life on the Stock Exchange of Toronto. He and Bonar Law came from New Brunswick. Beaverbrook advertised the Canadians until nobody knew anybody else at the front but Canadians.

It is bad form in England to advertise and anything that is bad form in England is under a ban which very few people appreciate.

Beaverbrook and Bonar Law [18] with Northcliffe put Lloyd George in office.

[12] William G. Sharp, Elyria, Ohio, U. S. Ambassador to France 1914-19. Born, 1859; died, 1922.

[13] James Kerney, editor *Times*, Trenton, N. J.; Haitian Commission. Born, 1873.

[14] George Creel, chairman of the Committee on Public Information 1917-19. Born, 1876.

[15] Brig. Gen. W. W. Atterbury, chief of railroad operations A. E. F.; President of the Pennsylvania Railroad, 1925. Born, 1866.

[16] British publicist, author of *The Romance of the Reaper*, etc.

[17] William Maxwell Aitken was created Baron Beaverbrook in 1916. Born Newcastle, New Brunswick, Can., in 1879.

[18] Andrew Bonar Law (1858-1923), Prime Minister Great Britain 1922-23. Born, New Brunswick.

London, September 17, 1918.

I noticed yesterday that London was polishing up its tall hats and I previously learned in Paris that all the leading dressmakers are full up with orders. Paris has concluded that the end of the war is in sight. It has determined to be gay this winter, and resume its former function as world entertainer.

September 17, 1918. At the American Visitors Chateau, Radinghem.

"Clemenceau [19] broke with Georg Brandes,[20] who founded and writes for *Politiken*, on Brandes' statement that he preferred Germany rather than Russia to win."

Calais, September 20, 1918.

The most important man in Europe is Georg Brandes, a Jew who was kept out of Russia by the Czar as long as he lived. Rules the three Scandinavian countries by journalism. He advises the Finance Minister and is most potential in the three countries. He is more than seventy years of age and established the great journal *Politiken.*

London, September 24, 1918. Percy N. Furber said:

"Cowdray [21] regrets he could not invite us up to Scotland, but he has only six servants instead of thirty in a one hundred thirty room house."

Hendon, September 25, 1918. Mr. Grahame-White [22] said:

"I estimate that England is turning out one thousand airplanes a week altogether. I have trained eight hundred airmen since the beginning of the war. The King and Queen came out here to lay the corner stone of the new brick canteen."

London, September 26, 1918. Sir George Paish [23] said:

"America with no military or territorial or compensatory claims compels the Entente to reduce its war claims and adopt true non-military democracy."

[19] Georges Clemenceau (1841-1929). Premier of France, 1917-20.

[20] Georg Brandes (1842-1927). Literary critic, journalist.

[21] Weetman Dickinson Pearson, first Viscount Cowdray (1857-1927); engineer, oil king of Mexico.

[22] Claude Grahame-White, pioneer in aviation.

[23] English economist, advisor to Chancellor of the Exchequer, 1914-16. Born, 1867.

London, September 26, 1918.

Dr. Hillis, Mr. Furber, and I spent three-quarters of an hour with A. J. Balfour [24] at the Foreign Office this afternoon.

Mr. Balfour said he would be very much surprised if Wilson was not in favor of closer relations between the English-speaking peoples. Any remarks of Mr. Wilson's opposing closer relations might be referred, he thought, to political exigencies, as, of course, Mr. Wilson was a very strong party man.

Mr. Balfour said that everywhere he himself spoke he advocated, and he had advocated it in a hundred speeches, a closer relation between the English-speaking peoples and knew of no reason why anybody should not advocate such a desirable end. He would be very bitterly disappointed if it was officially opposed.

London, September 27, 1918. Dr. E. J. Dillon [25] said:

"The disaster to the British Army which began March 22nd was the greatest in the history of the Empire. The booty as measured in Germany was seven thousand million marks, and the Germans got copper wire enough to last them for a year.

"Germany wins unless Austria is broken up.

"Beaverbrook is now against Lloyd George,[26] because Lloyd George has refused him many things and Beaverbrook has great ambitions.

"The United States wins the war, and will dictate the peace settlements. We should have made peace before this but for the Americans coming in. Now Germany is beaten. The war may run a year and a half longer according as the timbre of the German people supports the war."

Lord Leverhulme [27] is another rich man, of Sunlight soap fame, seventy-five factories. He had £800,000 in Germany, and people expected him to be financially hurt, but he took advantage of the situation to buy more factories and make still more money. He is said to have eighty per cent of the soap business, including Pears' soap.

[24] Arthur James Balfour, Earl, Prime Minister of Great Britain, 1902-5. Secretary of State for Foreign Affairs, 1916-19. Head delegate Washington conference, 1921-22. Born, 1848; died, 1930.

[25] Emile Joseph Dillon, born in Ireland, master of Oriental languages, journalist.

[26] David Lloyd George, British Prime Minister, 1916-22. Born, 1863.

[27] Joint founder Lever Bros., soap manufacturers (1851-1925).

Lord Pirrie [28] in Belfast is seventy-one years old and so independent he never agrees with anybody or in anything.

Guinness [29] is very rich and Cowdray ranks ahead of Rothschild.

Lord Reading [30] has £3,000,000.

London, September 28, 1918.

Sir Thomas Dewar [31] had twenty-six members of Parliament in the brewing and whiskey business working together in advertising and against prohibition. All the magazines and papers take whiskey advertising. It is the biggest advertiser.

Landing at the Northern Pacific Pier, October 9, 1918, Erwin said:

"I do wish in peace proposals they would regulate tipping all over the world."

[28] Viscount, shipbuilder, Chairman, Harlan & Wolff's, Belfast. Born, 1847.

[29] Edward Cecil Guinness (1847-1927), brewer; first Earl of Iveagh and Viscount Elveden after 1919.

[30] Marquess of Reading, British Ambassador to the United States, 1918-19; Viceroy of India, 1921-26. Born, 1860.

[31] Baron, then (1918) Baronet, of the Scots family famous for its whiskey. Born, 1864; managing director of John Dewar & Son, Ltd.

Chapter Two

WIRES AND WAVE LENGTHS

Observe here the fact that war and its consequent public control is not always an unmixed curse to a public service corporation.

The reader may also draw some amusement from the fact that at one point the president of Western Union appears almost supernaturally wise, and at another point seems something less than that.

Lack of space forbade the use of a long report by George Bass, formerly of the Boston *News Bureau,* in which President Theodore N. Vail of the American Telephone & Telegraph Company enlarges on the failure of automatic telephones. The automatic telephone is now being rapidly installed by Mr. Vail's successors.

Woods Hole, Mass., July 22, 1923. President Newcomb Carlton of Western Union said:

"In 1914 Vail [1] said he was stumped. He needed $40,000,000 to $50,000,000 a year for construction and could not raise it—at least he did not see how he could raise it. In 1917 he called me into conference again, said the government was likely to take over the telephone and telegraphs and asked what we ought to do. He thought the government might ruin the telephone system. But I said: 'It's your salvation. The government will be able to raise your rates and get you new money. You were stumped in 1914 and have not done your construction since because you could not get the money. Now comes your opportunity.'

"Vail said, 'You're a damn fool,' and laughed. But he accepted the situation and operated the telephone system for the government as I did the telegraph system. We were able to raise our rates twenty per cent and that saved us. Vail was

[1] Theodore N. Vail, president American Telephone & Telegraph Co., 1907-19. Born, 1845; died, 1920.

saved by the government raising the telephone rates. We could not have raised these rates except by government assistance.

"I told Vail, 'You have created the appetite of this monster for telephone service and how you will be able to satisfy it by raising the money is a problem.'

"I figure today that the Telephone Company requires an expenditure on construction of $150,000,000 a year, and if it goes into the automatic business it will soon require $400,000,000 a year.

"The Postal Telegraph people acted very foolishly. During the war, when the government advanced all telegraph rates twenty per cent, the Postal Telegraph Company denounced it, refused to advance and hoped to get the business away from us, but we knew their capacity in every section of the United States better than they did. They had fifteen per cent of the business and had not capacity beyond twenty-one per cent.

"I called a conference of the telegraph people and said: 'Let them have all the business. Throw it over to them at their reduced rates while we advance.' We snowed them under, so that nobody could send a dispatch with speed by the Postal.

"Vail was, of course, a great genius, and great geniuses are rare.

"I refused to have the telegraph operators unionized even when the demand was made by President Wilson. We have our own operators' unions within our organization. Our working forces participate in the profits. In fact the dividend to labor is rather better than the dividend on capital, for the stock holders take first six per cent on the property and then divide with the employees, so that the employees have received as high as $1,500,000 in a six-months period.

"I was warned concerning my first war-time interview with Burleson [2] that he was an impossibility. Ushered into his room, I found him like a caged lion. In a few feet behind his desk he stood up and paced back and forth. The first thing he said to me was, 'The first rule in this office is that I walk and everybody else sits.' He proceeded to walk back and forth, and demanded of me what my policy was in the operation of the Western Union as he told me he was going to take over the Western Union lines.

"I responded that my policy was taken from the Post Office

[2] Albert Sidney Burleson, Texas, Postmaster-General, 1913-21. Born, 1863.

Department. He seemed astounded and looked at me queerly. But I produced the printed Western Union report which had quoted the Postmaster-General and declared that that was our policy in service. In a few minutes he declared, 'I am going to take over the telegraph lines and you are going to run them for the government.' Later he wanted me to take over the operations of the cable lines, but I told him that would never do and recommended Ward.[3] The Postal would not permit Ward to take them, but he wrote a letter making the offer to Ward, which Ward appreciated."

Boston, Mass., May 24, 1928. Carl Dennett[4] said:

"The Morgan people are advising their customers to buy Columbia Graphophone which is really earning about $9 a share, although it sells at 72.

"Grenfell[5] of London is on the board, and they have interests all over the world.

"I was recently with Matt Brush[6] and Sarnoff,[7] and while I was with them he communicated by radio with different countries in Europe and South America.

"The United Fruit Company has sold its radio shares, but Westinghouse is keeping theirs. Carlton is in error not to play in with the Radio people and to be putting millions into another Atlantic cable. Think of the Western Union directors voting to build another Atlantic cable for $18,000,000, when we can put in the beam stations at both ends of the Atlantic and do the business quicker and better and have only a million and a quarter plant investment, against their capital of fifteen times that amount.

"The beam system can throw two hundred fifty words a minute and hit either Paris or Versailles and neither can intercept the other. Sarnoff says they can do this, if need be, up to five hundred words a minute.

"I have been down to Washington to see the authorities and they admit that it is necessary for the American interests to

[3] George Gray Ward (1844-1922); associate of John W. McKay in the founding of the Commercial Cable Co. and its vice-president for many years.

[4] Director Griffin Wheel Co., etc., Boston. In Berne, Switzerland, 1918, for Red Cross.

[5] Edward Charles Grenfell, British banker; born, 1870; member Morgan, Grenfell & Co.

[6] Matthew C. Brush, president American International Corp. since 1923; vice-president, 1918-21; Hog Island, 1918-21; president Boston Elevated, 1914-15. Born, 1877.

[7] David Sarnoff, Radio Corp. of America, vice-president and general manager. Born, Russia, 1891.

combine to meet the foreign combinations, and therefore have the International Telephone & Telegraph combining with the Mackay companies and working with the Radio Corporation.

"Sarnoff knows more about vibration than any other man in the world, although he came to this country as a Polish immigrant."

Chapter Three

OCEAN FERRY

Returning to our chronology, this chapter reveals the national and international headaches following the let-down from war patriotism. Long before peace was made at Versailles, the solidarity of the Allies became split by trade rivalries. The war leaders began to totter on their pedestals; the great reaction was on.

By going to Washington, London, and Paris during this interval, Mr. Barron heard all phases of this swift descent from an impassioned idealism too high alike for ambitious mortals and sovereign states.

New York, December 20, 1918. William Boyce Thompson [1] said:

"In Russia seven per cent had everything, and ninety per cent had nothing. One per cent of the seven per cent was German and represented efficiency. When the war broke out this one per cent was lost and Russia was lost.

"The United States is still making trucks and shells which will never be used. Brooker [2] is still drawing wire for the government and making cartridge cases or cartridge blanks.

"The Republican party has got to be progressive and nominate a progressive man on a progressive platform. We do not yet see the man.

"In the last campaign I told Will Hays [3] to draw upon me and that I would back him for a million, but I have re-collected most of my money.

"When my three-and-one-half per cent bonds sell at about three per cent premium, I will sell my bonds and buy shares."

[1] Director Federal Reserve Bank, N. Y., until 1919; founder Inst. for Plant Research; born, Virginia City, Nev., 1869. Died, 1930.

[2] Charles Frederick Brooker, president American Brass Co., 1900-20; chairman since 1920. Born, 1847, at Litchfield, Conn.

[3] Postmaster-General, 1921-22; president Motion Picture Producers of America since 1922. Born, Sullivan, Ind., 1879.

Washington, October 28, 1918. General Wood [4] (Q.M.C.) said:

"I think there has been some tall lying about the British forces. They probably count all enlistments but we know how many people drop out after enlistment. The Canadians after enlisting more than 400,000 men never had more than 90,000 men on the soil of France at one time."

New York, December 20, 1918.

President Wilson told John McCormack [5] that Lloyd George cannot survive. No leader can unless he has a great political party behind him. Without a party he is on quicksands. Wilson also said: "I must have Irish blood in my veins for there are moments when I have a delightful sense of irresponsibility."

New York, January 22, 1919. Dr. George E. Vincent,[6] president of the Rockefeller Foundation, today said to me at the Ritz Carlton:

"I have seen the personal and confidential correspondence between Clemenceau and Pershing [7] where Clemenceau said the necessities of men must be recognized and the French offered to provide for Pershing's army segregated districts with healthy women, etc. Pershing said he formerly thought as Clemenceau did, but had been converted to the present American position and it would have to stand with the American army. Lord Milner wrote Pershing with the same view as Clemenceau, and Pershing replied the American army would stand on the American basis. Pershing got his experience in Mexico where both systems were tried out. This caused Pershing to change his mind."

Aboard S. S. Aquitania, Friday Evening, February 1, 1919.

Spent the evening with the Dohenys in their suite. Mr. Doheny [8] said:

[4] Robt. E. Wood, president Sears, Roebuck & Co. Born, 1879, at Kansas City, Mo. General Wood was a West Point graduate, resigned from the army to enter business, then re-entered the army from business, 1915. Acting Quartermaster-General, 1918-19. D. S. M.

[5] Tenor, born Athlone, Ireland, 1884.

[6] President Rockefeller Foundation since May, 1917. Member General Education Board. Born, Rockford, Ill., 1864.

[7] General John J. Pershing, Commander-in-chief of the American Expeditionary Force to France, 1917-19; later chief of staff. Born, Linn County, Mo., 1860.

[8] Edward L. Doheny, oil magnate, Mexican and Californian operations. Acquitted, 1930, of attempt to bribe Secretary Fall in connection with Elk Hills lease. Born, Fond du Lac, Wis., 1856.

"If you believe in democracy you cannot believe in Socialism. Socialism is the poison that destroys democracy. Democracy means opportunity for all. Socialism holds out the hope that a man can quit work and be better off. Bolshevism is the true fruit of socialism and if you will read the interesting testimony before the Senate Committee about the middle of January that showed up all these pacifists and peace-makers as German sympathizers, Socialists, and Bolsheviks, you will see that a majority of the college professors in the United States are teaching socialism and Bolshevism and that fifty-two college professors were on so-called peace committees in 1914. President Eliot of Harvard is teaching Bolshevism. The worst Bolshevists in the United States are not only college professors, of whom President Wilson is one, but capitalists and the wives of capitalists and neither seem to know what they are talking about. William Boyce Thompson is teaching Bolshevism and he may yet convert Lamont of J. P. Morgan & Company. Vanderlip is a Bolshevist, so is Charles R. Crane. Many women are joining the movement and neither they, nor their husbands, know what it is, or what it leads to. Henry Ford is another and so are most of those one hundred historians Wilson took abroad with him in the foolish idea that history can teach youth proper demarcations of races, peoples, and nations geographically."

Aboard S. S. Aquitania, February 3, 1919.

Colonel Bunau-Varilla [9] talked four hours, in the Doheny parlor, of the Panama Canal and the part he had played in selling the French company to the United States, etc. He said: "Amador [10] came to see me from Bogota. I called to see President Roosevelt. I had never seen him before. He asked my opinion. I answered, 'Revolution.'

"On Saturday $100,000 was suggested by me to Amador as the basis of revolution. We agreed and I said, 'Monday I will give you a declaration of independence, a flag, a constitution, plan of operations, and a code.' I copied the constitution of Cuba, had a woman make a flag, and paid $100,000 from my own private purse.

[9] Part owner of *Le Matin*, Paris. Agent French Panama Canal Co. Colonel of Engineers; lost leg at Verdun.

[10] Manuel Amador (1833-1909); first President of Panama, 1904-08. Formerly in the French diplomatic service.

"It was a bloodless revolution. Hay [11] drew a treaty with Panama. I drew a new one giving clearer and simpler terms, working from 6 P.M. to 10 P.M. I finished in a night, giving the United States complete transportation and monopoly rights. I took it to his house that night but he was in bed and I delivered it at 8 A.M. next morning—the letter and the treaty.

"All that Hay ever said or suggested to me was, 'Have you read *The Soldier of Fortune?*'

"William Nelson Cromwell [12] had promised the Panama people everything and encouraged revolution, but they had declined to receive him."

London, February 8, 1919. T. P. O'Connor [13] says:

"Doheny gave $25,000 to the Nationalist cause, the largest contribution ever given by any man.

"I could formerly raise $15,000 at any meeting in America, or more than the Sinn Feiners got in the United States altogether. They didn't raise their money, they must have gotten it from the Hun."

London, February 9, 1919. Sir Andrew McPhail [14] lunched with me. He says:

"The Germans cannot understand that you can be victorious without being arrogant.

"We must hold the bridgeheads for many years and we must be kind to the Germans. Their gods have fallen and they are mentally dazed. But they begin to realize that the judgment of God has fallen on them.

"The English are very shy, but I have learned to love them. They are so shy that they will never govern themselves. They want a Jew, or a Scotchman, or a Welshman to rule over them."

Lunched at Higginson & Company, 81 Lombard Street, with Sir Hugh Levick [15] and Akers-Douglas,[16] son of Lord

[11] John Hay, Secretary of State, 1898-1905. Born, 1838; died, 1905.

[12] Attorney, Sullivan & Cromwell, N. Y., general counsel New Panama Canal Co. of France. Born, 1854.

[13] Thomas Power O'Connor (1848-1929); "Taypay"; Irish politician and publicist. Born, Athlone.

[14] Professor of History of Medicine and Fellow of McGill University, Montreal. Born, Orwell, Prince Edward Island, 1864.

[15] Born, 1870; with Lee, Higginson, Boston, 1902; advisor British Treasury, 1917-19; Reparations Commission.

[16] Second son of the first Viscount Chilston. Then brevet Lt. Col. of the Royal Fusiliers.

Chilston. Later saw Sir Guy Granet,[17] director of railroads in Brazil and elsewhere. All agreed that Jellicoe[18] ran away at the Battle of Jutland because the Germans had shells that could pierce armor plate and England did not. England could not afford to risk a battle that would destroy her fleet.

London, February 27, 1919.

Lord Shaughnessy[19] says that Canada must not be a signatory to a League of Nations. "We want to preserve our independence and we do not want to be involved with Great Britain in a squabble in south-eastern Europe."

Cowan[20] of the Canada Steamship lines says he came over with $7,500,000 to buy steamers in England from the British government at $100 a ton, but he found this was the price only to British subjects from whom, of course, taxes could be collected. To Canadians or other foreign owners it was $200 per ton. "They did soak it to us.

"England is way behind. It takes eight days to unload a freight load of ore at an English port against eight hours to unload a similar boat on the Great Lakes.

"Convoy and bureaucracy reduced the efficiency of English shipping as low as twenty per cent. It only averaged forty-five per cent before the war.

"They are dead slow and out of the race before they begin."

Paris, March 1, 1919.

Met Wade Chance[21] in the Ritz restaurant this afternoon. He says the French are very much against Wilson. They are sensing it all around that he is for the Germans.

When the Armistice negotiations were on, the question was raised as to whether the Armistice terms included Wilson's fourteen points. House[22] said he understood it so. There were

[17] British railroad executive; Ministry of Food in U. S. and Canada, 1918. Born, 1867.

[18] Sir John Jellicoe, later Baron, in command British high seas fleet, 1914-18; battle of Jutland, May 31, 1916. Born, 1859.

[19] Thomas Shaughnessy, Baron (1853-1923). President Canadian Pacific Ry. Born, Milwaukee, Wis. Or perhaps his son, Baron Shaughnessy, Montreal, created K. C., 1920. Born, 1883.

[20] H. W. Cowan, Supt. Canada Steamship Lines. Born, Hamilton, Ont., 1884.

[21] Newspaper man, with foreign press connections. Recently represented Lord Beaverbrook in U. S.

[22] Col. Edward M. House, U. S. Peace Commission, 1918-19. Born, Houston, Texas, 1858.

certain differences of opinion. General Foch [23] had a conference with his generals as to whether they could successfully continue the war, the American troops withdrawing; Foch believed that they could.

At one point House said, "In that event, the possibilities are that the American Army will be withdrawn and our conversations will cease."

Clemenceau said, "Will your conversations with Germany also stop?"

House responded, "On that I can give you no assurance."

There has been a great exposure of fake Rodins here. *Le Cri de Paris* came out with a cartoon labeled "Another Rodin Fake." It was the famous statue "Le Penseur," The Thinker, by Rodin,[24] but it had the face and spectacles of Wilson. Wade Chance got an early copy, but it was suppressed in a few hours. The government has a sharp censorship and no criticism of Wilson is allowed.

Paris, March 3, 1919.

Barney Baruch [25] tells me the attacks on Wilson and the League of Nations were so marked in France that he told Clemenceau if the attacks did not stop he should move for the removal of the Peace Conference to some more neutral ground. The attacks were then checked.

Baruch told me: "Wilson shed tears when I declined to be Secretary of the Treasury. I showed him my wealth and why I could not be secretary. He said, 'I have no objection to wealth and do not understand the opposition to it.' "

Boston, Mass., June 21, 1919. At H. B. Endicott's [26] dinner, Gov. Calvin Coolidge [27] said:

"In the old days there were men trained to go into the Maine

[23] Ferdinand Foch, later Marshal, generalissimo of Allied Armies, 1918-19. Born, 1851; died, 1929.

[24] Auguste Rodin, famous French sculptor (1840-1917).

[25] Bernard M. Baruch, chairman War Industries Board, 1918-19; economic advisor, Paris, 1919. Born, Camden, S. C., 1870.

[26] H. B. Endicott, president Endicott-Johnson Co., shoe mfrs.; Mass. food administrator. Father of Wendell Endicott who married Mr. Barron's stepdaughter, Martha. (1853-1920).

[27] Later the 30th President of the United States, Aug. 2, 1923-March 4, 1929. Born, Plymouth, Vt., July 4, 1872.

woods and check the timber to be cut to make the knees in wooden ships. Few know that you cannot build ships as a carpenter works and the curved parts or joints annexed to the keel must be grown. There are no longer the men in existence to pick this timber."

New York, July 30, 1919. Henry Evans [28] said:

"Thomas F. Ryan,[29] who is perhaps worth $120,000,000, was formerly in the tanning business. He buys 20,000 shares of stock at a crack and is proposing a consolidation of all the southern iron companies. We made a settlement with the government by which we got $2,500,000 excess costs canceled and $1,525,000 net from the government so that our profits were abnormal last year.

"I am going down Thursday night with Doheny on his yacht. I bought my Pan-American around or below 100 when I sold my Cuba Cane preferred. I have more than made up my loss on Cuba Cane preferred. I believe in five years Pan-American may sell at 500."

July 31, 1919. From Nathan L. Amster: [30]

"Rock Island Valuation figures. Government figures $136 a share; Rock Island figures, $250 a share."

New York, September 10, 1919. Miss Grace Bigelow said:

"My father (Hon. John Bigelow [31]) read his Bible and Swedenborg every morning before he had his breakfast chocolate.

"Mrs. J. P. Morgan, Sr., once said to me: 'What a pity such a good man as your father is not a Christian!' "

New York, September 11, 1919. Eugene Meyer, Jr.,[32] said:

"The English people are in favor of $4 exchange as stopping imports and increasing exports. Bond markets are now touch-

[28] Then president, later chairman, Continental Insurance Co. Born, Houston, Texas, 1860.

[29] Thomas Fortune Ryan, capitalist; many directorates. Born, Nelson County, Va.

[30] Chairman, executive committee, C. R. I. & P. Ry.; chairman, Investment Protective Association America. Born, Rumania, 1860.

[31] Journalist, editor New York *Evening Post*, 1849-61; consul Paris, 1861-64; minister to France, 1864-67. Born, Malden, N. Y., 1817; died, 1911.

[32] Governor of Federal Reserve Board. Born, Los Angeles, Cal., 1875.

ing bottom and C. W. B. can make a record by calling the turn and advising the purchase of government bonds."

Battle Creek, Michigan, September 28, 1919.

The grippe never stopped until a carload of whiskey came in and then like a shot it ended.

Westbury, Conn., October 17, 1919.

Spent the night with George J. Whelan [33] at Westbury. Whelan said he formerly did business with the Bankers Trust Company but since he had gone in with Thomas F. Ryan he now works for the Guaranty Trust. He said:

"Duke had no American Tobacco interest until recently. He sold out long ago, but recently he has been a big buyer of American Tobacco and has converted it into A. T. Securities, of which he is the big owner."

New York, October 27, 1919. Brigadier General C. I. Debevoise [34] said:

"One unit went in with 168 men and sixteen guns and came out with twenty-eight men and one gun. Three officers killed and two wounded. This was in the 27th Division.

"Our casualties in the 27th Division at this time were heavy because we had no support on our left from the British. The excuse was afterward that there was rebellion in the British ranks and they had refused to fight."

New York, February 1, 1920. Hon. Henry Lane Wilson, [35] former minister to Mexico, said:

"The President said he wrote his dispatches in excellent English, but I found they were copied from the *Encyclopedia Britannica.*"

[33] Co-Founder with C. A. Whelan of United Cigar Stores, etc. Born, Syracuse, N. Y., 1865.

[34] 56th Inf. Brigade; commanded 107th Inf., 27th Div., against Hindenburg line. D. S. M.

[35] U. S. Ambassador to Mexico, Dec. 1909-13. Born, Crawfordsville, Ind., 1857.

February 29, 1920.

Prof. Irving Fisher [36] admitted to me today that his stabilized dollar would not work in war-time when we must fight with inflation.

[36] Political Economist, Yale University. Born, Saugerties, N. Y., 1867.

Chapter Four

BANKS AND BANKERS

By nature and habit, bankers are clamlike persons; yet some of these sterling conservers of the nation's funds will be observed yielding herein to the urge for self-expression. We have omitted more than we print under this head; nevertheless this residue may be considered indiscreet in part.

Nobody understood more clearly than Mr. Barron the vital service which banks and bankers render to modern civilization. He praised them whenever he could do so; we suspect that some, at least, of this material was opened to him in the hope that it would be published in all or part, though perhaps not precisely in the form here offered.

Of more than passing interest is the birth of branch banking within New York City, as narrated by the pioneer in that field, President L. G. Kaufman of the Chatham Phenix.

New York, December 6, 1917.

Called at the office of J. P. Morgan & Company 2:45 P.M. and discussed with Lewis Cass Ledyard [1] the Interstate Commerce Commission decision as it was running on the Dow, Jones ticker, recommending government control of the railroads instead of advancing rates, then dropped in for a twenty-minute chat with Morgan,[2] who said:

"Just what could you expect of the I.C.C.? They were asked to increase rates and they dodge the issue by proposing something else.

"Politicians don't want to help business in this country and the people don't want them to help business. That is the boast in Washington and that is the major sentiment in the country.

"If Mr. Wilson or the politicians thought eighty per cent of the people wanted business helped, they would help business.

[1] Lawyer; formerly member Carter, Ledyard & Milburn. Many directorates. Born, Michigan, 1851.

[2] J. P. Morgan & Co., senior partner; advisor at International Conference on Reparations. Born, Irvington, N. Y., 1867.

But do the people of this country want business helped? I think public sentiment has been against business since 1890 when the Sherman anti-trust act was passed. There is no difference between the political parties, except there is less sectionalism in the Republican party. Both parties want power by following the popular will and slamming business. Who did more than Theodore Roosevelt to smash business? It is no use trying to educate the people. They will only learn when they see the results and then they will turn upon their leaders and say: 'Yes, we agreed with you on attacking business, but you should have told us that we were wrong and now out you go!'

"If this war ends within two years, the Democratic party would have no more chance of reelection than I would have. It is an old proverb that war puts many reputations in the graveyard. This country is coming through all right. It is bound to win out, but it has got to see a lot of trouble before it sees straight.

"We have no leaders except Mr. Wilson in this country today and the people don't want any leaders. I am glad Wilson is on the job. I don't think anybody should envy him his situation. He is the real leader today and I think McAdoo [3] has developed.

"This country is approaching the condition of Russia, where no leaders are wanted and the moment one appears, the Bolsheviki throw him down.

"Legislation is aimed and boastfully aimed against business and the destruction of values. But nobody can say anything or do anything at the present time. Sentiment has got to run its course.

"I would not do a thing to interrupt, and I would certainly put no sand in the gear boxes or attempt to stay the machinery. This war has got to be fought out and won and Mr. Wilson has got to win it in his own way, with his own party, his own men, his own machinery, and his own methods, and it is our duty to support him.

"It is true that I went to Wilson and offered my services,

[3] William Gibbs McAdoo, Secretary of the Treasury, 1913-18; Director General of Railways, 1917-19; now lawyer, Los Angeles. Married Eleanor Wilson, daughter of President Wilson, in the White House, May 7, 1914. Born, Georgia, 1863.

but he did not refer me to Mr. Baruch.[4] He was very nice and said he would send for me when wanted.

"I and every member of this house are ready to be commandeered by the government. We will do anything that is right, honorable, and not to the injury of our credit. But at the present time what can we do but sit and wait on the sidelines until we are called. All this machinery is here for any service the government wishes and there is no question of compensation, commissions, or profits. As to why our men are not summoned, you must ask Washington. It is not proper for me to ask."

New York, September 21, 1921. Harry Kimball[5] said:

"These trust companies or big banks become too big to be under one head or one pair of eyes which must organize, deputize, and supervise.

"The banks have too many deputies, all bent upon making money for the bank without any farsighted ideas for helping their customers and the proper expansion of the company's business and the bank's credit."

(It appears to C. W. B. that the London City and Midland built by Sir Edward Holden[6] could not be well directed even by a Reginald McKenna[7] except after many years' service. Then it is a question whether he could expand the business any farther.)

"William M. Wood[8] is carrying out the policy of the bankers (in U. S. Worsted, since defunct). They are cutting salaries in half and every good man is looking around to get out of the organization. This cutting of salaries by the bankers is ruining the organization and the business.

"John Dearborn[9] of the Warren Brothers Company has had

[4] Bernard M. Baruch, chairman, War Industries Board, 1918; economic advisor at Versailles, 1919, and member Supreme Economic Council.

[5] Harry Swift Kimball, grad. U. S. Naval Academy, 1896. President American Zinc, Lead & Smelting Co. 1902-16; Remington Arms, 1916-20. Vice-President, G. W. & W., 1920-21. Born, Brockton, Mass., 1875.

[6] Chairman London Joint City & Midland Bank. Died, Aug. 1, 1920.

[7] Former Chancellor of the British Exchequer; succeeded Holden in bank.

[8] President American Woolen Co. Born, Edgartown, Martha's Vineyard, Mass., 1858; died, Feb. 2, 1926. When the above note was written American Woolen was sensationally prosperous under Wood's direction, but U. S. Worsted was in difficulties.

[9] President of Warren Brothers since 1920. Born, Dorchester, Mass., 1868; died, 1930.

it out with the bankers. Warren Brothers owe $3,400,000 to sixteen or eighteen banks. When the Guaranty began to shout against him he talked back. He was prepared to fight back if the banks were going to fight him.

"The banks and the merchants have got to work together. There is no sense in their fighting. If they work together the banks will get all their money and the security holders will have reasonable equities from which to again rebuild."

New York, September 28, 1921. Mr. Thomas W. Lamont[10] said:

"I have an open mind concerning Mexico. I have been invited by Obregon[11] to go down there and discuss payment of interest on the foreign debt. Of course I shall ask for his budget and how he expects to pay. He claims now that they can begin to pay from the proposed taxes on oil. I must accept the invitation and look into the situation.

"For seven years foreign debt holders have had no interest and they will soon be on my neck as chairman of the international committee.

"Teagle[12] went down the other day to Washington not to talk recognition but to give his report to Washington on the oil agreement they made in Mexico. I came back with him on the train.

"I am to go to lunch now with Judge Gary[13] who has just returned from Mexico. I did not know that he was going down. There is no understanding and nothing else doing by us with Mexico other than what I tell you.

"The people do not yet appreciate the bad situation that may arise with this falling mark. It may be very disturbing. You can have a receiver for Egypt but you cannot do the same thing for Germany; at least I should not want to be the

[10] Partner J. P. Morgan & Co. Represented U. S. in financial negotiations with Mexico; represented U. S. Treasury in peace negotiations, Paris, 1919. Born, Claverack, N. Y., 1870.

[11] Alvaro Obregon, President of Mexico (1880-1928). Assassinated.

[12] Walter C. Teagle, president Standard Oil of New Jersey. Born, Cleveland, O., 1878.

[13] Elbert H. Gary; chairman of the Board of U. S. Steel Corp. Born, Wheaton, Ill.; died, 1928.

receiver. It is not true that the French did not want a big money indemnity in place of the territorial aspirations of the French. The French themselves first demanded an indemnity of a thousand billion francs or $200,000,000,000. The whole aim of the French was protection. That is what they wanted then and want now. Wilson promised it in a League of Nations and then could not make good."

New York, September 28, 1921. After the directors' meeting at the Chase Bank I was invited to visit upstairs with the President, Wiggin.[14] He said:

"We have just bought the Metropolitan Bank with $50,000,000 deposits. This is just what we need and the purchase is very timely. The life insurance company had to sell and we have taken it. Your people have the news and will soon announce it. But the Metropolitan people must vote first."

Washington, D. C., November 30, 1921.

P. A. O'Farrell[17] tells me that the Guaranty Trust losses were $43,000,000; that Harry Payne Whitney[18] was called upon to put up $6,000,000 and Thomas F. Ryan $9,000,000. The Morgan people put up the cash but the other people had to put up the security.

January 6, 1922. At J. P. Morgan & Company offices, Thomas W. Lamont said:

"The Mexican settlement has been postponed until January 27. The New York *Evening Post* has cost me more than $200,000 a year."

Dwight Morrow[19] said:

"The tariff on sugar cannot be changed now. I have just

[14] Albert H. Wiggin, bank clerk, 1885-91; president N. Y. Clearing House Ass'n., 1920-21; president Chase Nat'l. Bank, N. Y., since 1921. Born, Medfield, Mass., 1868.

[17] Previously in Montana copper and politics. Friendly with both Cowdray and Doheny. Now public relations counsel with C. P. Ry. at Vancouver, B. C.

[18] Sportsman, capitalist; director Guaranty Trust. Born, New York, 1872.

[19] Partner, J. P. Morgan & Co., later U. S. Minister to Mexico. Born, Huntington, W. Va., 1873.

returned from Cuba and think the crop there will be between 2,800,000 and 3,200,000 tons."

New York, January 5, 1923.

Talked with J. P. Morgan this noon at corner.

"My own impression is that the French are going to advance into the Ruhr but for the life of me I can't see the results or how they can make anything out of it. The expense may be greater than any profit.

"The thing to do is to make such adjustment in reparations as will give the Germans hope. If you say to a debtor, 'You will have nothing for yourself but work for me, and pay me all you earn, and earn more and more each year,' you have nothing but a blank. But if you say, 'Pay me one half of what you earn, you can have the other half,' you leave hope; and hope for the debtor is the main asset in the interest of the creditor.

"I think the English will make a proposition to pay a certain sum annually and it may have to go to Congress for ratification."

Four hours later talked with Stettinius.[20] J. P. M.[21] came up and I said:

"I have been gradually turning to the view that the French are entitled to hostages to secure German payment."

He said, "What would you take?"

I said: "The Ruhr, the Rhine, the railroads or the customs, something which Germany would have to redeem. Do I understand that you believe hope with the Germans is the only asset from which the French can realize?"

He replied emphatically: "That is the only asset by which France can realize."

Then we both noted (he in French and I in English) how

[20] Edward E. Stettinius, partner, J. P. Morgan & Co., 2nd Asst. Sec. of War, 1918. Purchasing agent for Allies, 1916. Born, St. Louis, Mo., 1865; died, 1925.

[21] J. P. Morgan.

the Germans had told us what a great business it was for them to sell marks at a very much higher price—the cheating of the last friends they had in the world.

Previously J. P. M. had said to me that Stinnes [22] had borrowed tremendously when the mark was at one to seventy (in pounds sterling) and bought heavily of property in Germany. Then he repaid his loans when the mark was worth only one-tenth its former value, thereby acquiring tremendous property at small cost.

Morgan said, "Mussolini is a very great man."

April 8, 1923. At Town Hill Park, Bitterne, Southampton, England. Lord Swaythling [23] said:

"The Morgan people are not factors in Exchange. They have lost in exchange because they tried to run it from New York. Exchange can only be run from London; this is the center in Exchange.

"There were formerly more than forty banks in London clearing house. Now there are only about eight. I think we have carried bank consolidations too far. Indeed, I do not believe in the rubber combination. Combinations and trusts are bad things.

"My visit to the United States in 1919 convinced me that you have really a money trust in that country. In 1920 they put up the rate of money to fifteen per cent and dropped the stock market and the banks bought in all the stocks. This is what they are going to do again now. There is no excuse for higher money rates in New York. I have always feared that the same thing might take place in London, but the government keeps too close a watch over the bankers here to permit any such thing.

"You have too much gold in your country. I think it will be twenty years before we have a free gold market in London.

[22] Hugo Stinnes, German industrialist. Born, Mulheim, 1870; died, 1924.

[23] L. S. Montague, Baron Swaythling, British banker, head of Samuel Montague & Co., London. Died in 1927 at age 58.

We would be liable to lose our gold if we attempted now to pay out gold freely."

Chicago, Ill., October 20, 1923. Breakfast at 8 A.M. with Albert H. Wiggin, president of the Chase Bank, in my hotel parlor. He says:

"Nobody can tell how Armour [24] will come out. I am out here for the Armour meeting, which we have here every month. Armour & Company has those enormous assets and does that enormous business. It has cleared $8,000,000 for the common stock the first six months of this year. Still it is problematical how much Ogden Armour will get in the end. It may be $15,000,000 and may be more or less. The banks will get their money and compensation for their services. It is one of the biggest things the Chase Bank ever did to save the packers and the country from the collapse that threatened when after the war inventories shrunk so tremendously. We are now interested in seeing to what extent politics from Washington will pursue us in the consolidation with Morris. There is nothing but politics in it. The packers working together can redeem this situation and bring it out safely."

New York, December 18, 1923. President Carse [25] of the Submarine Boat Company said:

"Following '73 Hanover Bank was going on the rocks at about $75 a share. William Rockefeller's and a little of J. D. Rockefeller's money, as well as James Stillman's [26] money and Woodward's [27] money went into it; Woodward continued to buy steadily. He became the largest shareholder, Stillman second, and William Rockefeller third. It was the first invest-

[24] J. Ogden Armour, president Armour & Co., Chicago. Born, Milwaukee, Wis., 1863; died, 1927.

[25] Henry R. Carse; president of both Submarine Boat and Electric Boat.

[26] President National City Bank, 1891-1909; chairman later.

[27] James T. Woodward (1837-1910); president Hanover National Bank from 1877. Born near Annapolis, Md. Uncle of William Woodward, present president of Central Hanover.

ment in bank stocks the Rockefellers ever made. When I was with the bank we used to certify for the brokers as high as $60,000,000 a day, which curled the hair of some of my associates; but we never lost a dollar.

"William A. Read,[28] who came up through Vermilye & Company, was a very able bond man. He was at one time in partnership in bond deals with Stillman and with Jacob Schiff[29]; but fell out in disagreement and Stillman wanted to clean out everything and sell out, and Read wanted to hold.

"Read, therefore, came to us at the bank. He would buy bonds and we would carry them for the bond interest and divide the profit. We made as high as $750,000 in a single year with Read on these deals. Read left $7,000,000 or $8,000,000.

"I don't understand what it is that uses up the Morgan partners so. They certainly are all rich and there is more than $100,000,000 in the firm. But the way they use up the health of partners is astonishing."

New York City, October 29, 1926.

Spent an hour with President Mitchell[30] of the National City Bank between 11 and 12 o'clock, and he sent upstairs to Vice-President Schwedtman for all the papers and read over them with me.

He said: "We joined with the Barings[31] four or five years ago in bringing out the Czecho-Slovak loan of $40,000,000. This loan had a sinking fund attached to it by which any bondholder might find his bonds called at par, but until 1932 the Government could not call the loan. Also pledged under that loan were its main resources. This tied up the credit, and made further financing difficult, if not impossible. Later Czecho-Slovakia wanted American dollars, and we loaned them $5,000,000 at five per cent, they depositing one hundred per cent to

[28] Banker (1858-1916). Founded William A. Read & Co., 1904.

[29] Of Kuhn, Loeb & Co., New York. Born, Germany, 1847; died, 1920.

[30] Charles E. Mitchell, president National City Bank, New York, since 1921. Born, Chelsea, Mass., 1877.

[31] London bankers, Baring Brothers & Co., Ltd.

cover at Brussels in foreign gold. Two years ago this loan was paid off and my investigation revealed that Strong [32] of our Federal Reserve had underbid my loan and given them $5,000,000 at three per cent. It appears that Czecho-Slovakia had a 'head' office about the size of this room with two clerks in it, and Strong was willing to recognize that office as a central bank and loan them money at three per cent, which I told Strong was to my judgment most outrageous, and I have never really forgiven Strong for this action.

"Later I received a categorical demand from the State Department as to our advances or loans to Czecho-Slovakia, which had not adjusted its indebtedness to the United States. Of course, I responded that we had no loan to Czecho-Slovakia, and they learned the facts, that it was our own Federal Reserve that was loaning that money.

"I think the people who are now raising wages while wholesale prices are falling are laying up trouble for themselves."

Palm Beach, Fla., April 6, 1927.

Motored to the Gulf Stream Golf Club and spent nearly an hour with Louis G. Kaufman [33] of the Chatham Phenix Bank. His two brothers and father were bankers, and he was raised in a bank at Marquette, Michigan. He is building there a banking room to cost $300,000, said to be the handsomest banking room in the world.

"In this bank building I am placing a collection of gold coins gathered by my brother and myself that is worth a million and a half.

"I am president of that bank in Michigan by permission of the Comptroller of the Currency.

"When I was president of the Michigan Bankers Association and studying to make an annual address, I discovered that under the law you could have branches for national banks with permission of the Comptroller of the Currency. That was too valuable to put into my address. Later I went to New York,

[32] Benjamin Strong, Governor Federal Reserve Bank of N. Y. Born, Fishkill-on-Hudson, 1872.

[33] Born, Marquette, Mich., 1872.

bought the Phenix Bank,[34] consolidated the Chatham with it, then bought a bank uptown and put several other banks in with it; then about ten years ago went to Mr. Wilson and John Skelton Williams,[35] Comptroller of the Currency, and finally received permission of the Comptroller to merge these banks as branch banks, with the written opinion of the Attorney General.

"Through one of my directors, Bolling,[36] who was a brother-in-law of Wilson, and could talk with him in his bedroom, I was able to reach Mr. Wilson, and also advise him any time during the war without newspaper publicity. I never voted a Democratic ticket in my life.

"Bets of $2,000 and as high as $5,000 were made that I would be stopped in my branch bank program. Now six years afterward, the National City and the Chase and others are following where I led the way."

I raised the question of the usefulness of branch banking in support of a local community. Kaufman replied: "We make every branch bank a community bank. If you open an account with one of our branches we immediately find out all about you and give you a credit standing. You might have only a few thousand dollars in that branch bank, but the record will be made that you are good for a loan of $80,000 on your business and value.

"In 1890 the National Park Bank was the biggest bank in New York with $45,000,000 deposits, and all the clearing house banks in New York City had only about $300,000,000 of deposits. Now they have ten times that sum.

"At the first meeting to relieve this local Palm Beach bank situation they asked me for $100,000. The bank examiners said there was a possible $2,000,000 loss in Mr. Reese's bank; but we were willing to go ahead and lose our money if we could fix up the bank. Of course, if we only put in $2,000,000 or $3,000,000 it would be checked right out and do no good. At least $4,000,000 was needed to cover the depositors who might demand their money, and the public agencies had over $4,000,-

[34] This institution is now the Chatham Phenix National Bank & Trust Co.

[35] John Skelton Williams (1865-1926); Comptroller of the Currency, 1914-21. Born, Powhatan Co., Va.

[36] Rolfe E. Bolling, president Merchants Bank and Trust Co., Washington, D. C.

000 in that bank. The project did not go through but we later subscribed to help the small depositors.

"The failed banks at West Palm Beach that had $22,000,000 in deposits still have $4,000,000 of the public money.

"It is no use to go ahead or build on frozen loans." I called these loans petrified.

Chapter Five

OVER THE WATER AND HOME AGAIN

Another trip to Europe finds C. W. B. busy expanding his acquaintanceships. On his return he entered briskly into the 1920 political campaign, being one of the original Coolidge men aboard the convention special out of Boston for Chicago. The notes on both convention and election will be found chiefly in Chapter XIX, but there are traces of the political excitement of that time in this chapter also.

New York, February 18, 1920. Will Hays said:

"$4,000,000 were spent by Republicans last presidential election. Democrats are now calling for $10,000,000 for this campaign.

"When the canvass began a list of 8,000 men who ought to give $1,000 each to the Republican campaign was made up and when it was compared with the registry, it was found that 5,000 of them had never registered to vote."

En route to New York, March 30, 1920. F. W. Stearns [1] said:

"Coolidge conferred with only three men during the Boston police strike; myself, Butler,[2] and one other. When the big men in Boston warned him, with an election a few weeks away, that he must compromise or be defeated, he replied, 'My election is not necessary.' "

Rathom [3] is to lunch with Hoover tomorrow noon. Stearns says Filene [4] is getting up two Hoover booms in New England, one Republican and one Democratic, which was very significant to Rathom. Rathom does not believe in Wood's candi-

[1] Frank W. Stearns, chairman R. H. Stearns Co., Boston; trustee Amherst College; close friend of Calvin Coolidge. Born, 1856, at Boston.

[2] Probably William M. Butler, later chairman of the Republican National Committee and U. S. Senator from Massachusetts.

[3] John B. Rathom, editor Providence *Journal.* Born, Australia, 1868; died, 1923. He won the bet.

[4] E. A. Filene, Boston merchant. President Wm. Filene's Sons Co., Chairman War Shipping Commission, 1917. Born, Salem, Mass., 1860.

dacy and has bet $50 that the nominee will not be any of the first three getting highest vote on the first ballot.

At the Plaza with Lord Pirrie. He said:

"I keep out of Irish politics. Labor is not going back to the old prices before the war.

"However we have a brand new English fleet as we sold our old ships to Italy, Norway, and Sweden. Ships thirty-five years old brought good prices."

Bedford [5] put up $300,000 for Sleicher [6] to keep *Leslie's Weekly* going. When Bedford quit, the weekly stopped.

Gramercy Park, New York, November 29, 1920. Miss Grace Bigelow [7] said:

"Anne Morgan [8] is a nice girl and it is a pity that she should be estranged from the family. It broke her father's heart when she elected to part from him.

"But Anne Morgan has one of the brightest minds I have ever known and she admires brains. Her father was afraid that Count di Castellane would get her as Castellane is very brainy but not in good standing. However, one's standing made no difference with Anne Morgan.

"I believe in the French idea as respects social intercourse between men and women. The young French boy is brought up to respect women and to pay court and attention to older women who can give him instruction and wisdom and manners. But in the United States only the young women seem to count. The boys are not instructed properly and do not pay proper attention or respect to the older women."

Cleveland, January 25, 1921.

Matthew Andrews [9] of the Chamber of Commerce showed me confidential memoranda of Henry Ford's [10] balance sheet

[5] Alfred C. Bedford, chairman of the Board of Standard Oil of N. J. Born, Brooklyn 1864; died, 1925.

[6] John A. Sleicher, journalist. Born, Troy, N. Y., 1848; died, 1921.

[7] Daughter of the late John Bigelow.

[8] Daughter of J. Pierpont Morgan, sister of J. P. Morgan. Active in restoring devastated France.

[9] With the M. A. Hanna interests in Cleveland for many years, first as partner, then as officer of M. A. Hanna & Co. Died, February, 1929.

[10] Automobile manufacturer, Detroit and Dearborn, Mich. See Chap. XI., Sec. 3. Born, Greenfield, Mich., 1863.

three months back which showed liabilities of over $130,000,000 of which $44,000,000 was for taxes due in 1921 and also last quarter taxes in 1920, a total tax liability of nearly $60,000,000. Ford had $13,000,000 cash and $17,000,000 in Liberty bonds. Of the assets, $103,000,000 were goods on hand and the total valuation of his assets was well under $200,000,000 (without plant valued at about $200,000,000). I was told yesterday he had put $30,000,000 in the iron furnace enterprise and its connections and must have $75,000,000 right away.

Cleveland, Ohio, January 26, 1921.

An art collector and big real estate operator tells me Rockefeller never did much for Cleveland.

"He always used its banking capital and in the early days was a heavy borrower. He was, however, the man of vision in Standard Oil.

"There could never have been the development in oil from the oil barrel that there was by reason of the tank car and the pipeline, and transportation in tank car and by pipelines was the conception of John D. Rockefeller.[11] His associates did not believe in it. On this issue I sold out the larger part of my stock at a very low price to Rockefeller.

"Teagle is a very big man in oil and may yet make Standard Oil of N. J. as big as was the old Standard Oil before dissolution."

S. S. Olympic, March 20, 1921. Maxim S. Shottland,[12] newspaper man, said:

"The rich have no pleasures of anticipation. The orange springs to their mouths."

Josephthal[13] sold 100 billion marks in German bonds yet to be printed. The Germans have duplicate printing press in Vienna for turning out paper marks.

McRoberts[14] reported to the City Bank that Russia was O.K. and the $20,000,000 Russian loan was the beginning of change in the National City Bank management. Eighteen

[11] John D. Rockefeller, one of the original Standard Oil founders. Born, Richford, Tioga County, N. Y., 1839.

[12] See p. 312, Chap. XXIV.

[13] L. M. Josephthal, banker; died, 1929.

[14] Samuel McRoberts, then vice-president National City Bank, N. Y. Born, Malta Bend, Mo., 1868.

months interest on this loan was deposited in advance. Kerensky fell and so did Vanderlip.

Paris, March 30, 1921.

At the Ritz in the evening with Mr. and Mrs. E. Clarence Jones,[15] Mr. and Mrs. E. Berry Wall,[16] Mrs. Morton Plant[17] and new husband,[18] and Mrs. Aldrich, whose husband[19] is president of the Ray Copper Company. Jones said:

"Charles M. Schwab[20] was at Nice a few weeks ago and told me: 'I will sell you control of Bethlehem Steel for your notes. Industry in the United States is worth nothing. Don't buy a thing. Never saw times so bad. Two years ago I was worth $150,000,000. Now I don't know if I am worth anything. I borrowed a year ago $6,000,000 on $15,000,000 worth of securities. Now the securities are not worth the loan. Italy is hopelessly busted.'

"W. B. T. (William Boyce Thompson) has 300,000 shares of Sinclair costing him above 40. Mrs. Harriman[21] put up much money for the steamship business for her son.[22] He was advised by one of the old heads of one of the German shipping companies, the Hamburg-American."

Paris, April 2, 1921. J. Ridgeley Carter[23] said:

"I entered the firm here just after you and I had that night walk in 1914 when Paris was asleep and we walked the Jardin des Tuileries alone.

"The London *Times* had an announcement of your coming. The American Club in Paris wants to hear you.

"Viviani[24] was sent to the United States to offset German

[15] Mr. E. Clarence Jones, capitalist, sportsman. In 1903 had office at 1 Nassau St., New York City, with Pennsylvania directorates.

[16] Former social leaders of New York City, now living in Paris.

[17] The widow of Morton F. Plant of Groton, Conn., railroad and steamship operator.

[18] Col. William Hayward married the former Mrs. Plant June 21, 1919. He organized and commanded the 369th Infantry (colored), 191 days under fire, longer than any other American regiment. Later U. S. District Attorney for the Southern District of N. Y. Born, Nebraska, 1877.

[19] Sherwood Aldrich, mining engineer and operator. Born, Riverhead, L. I., 1868; died, 1927.

[20] Chairman of Board of Bethlehem Steel Corp. Formerly President Carnegie Steel Co., and U. S. Steel Corp. Born, Williamsburg, Pa., 1862.

[21] Mrs. E. H. Harriman, née Mary W. Averill.

[22] W. Averill Harriman, W. A. Harriman & Co., ocean shipping. Born, 1891.

[23] In diplomatic service, London, Paris, and near East, 1894-1911. Partner in Morgan, Harjes & Co., Paris, since 1914. Born, Baltimore, 1864.

[24] René Viviani (1863-1925), French orator and statesman.

propaganda and stimulate good will, to show we mean to pay our debts and win sympathy in America. Harding disappointed France and England very keenly in his message without an encouraging word for France or of American support. It was as if the war was over and settled so far as America was concerned. It helped the Germans in their ambition not to pay. France wanted to get over the Rhine for her protection, Wilson said: 'No, I will give you a league of nations that will protect you.' Now the United States must in some way make good, or France has been fooled."

Paris, March 30, 1921. Colonel Bunau-Varilla said:

"Haig [25] wanted the Armistice at any cost."

Paris, April 4, 1921. E. Clarence Jones said:

"Lamont bought the New York *Evening Post* and supported Wilson and it could not have been done without Morgan's consent.

"Lamont, W. B. T., Wiggin, Sabin, Gibson,[26] and Sinclair [27] owned a company under the name of some saint and they gave $5,000,000 to Ryan to speculate in Sinclair.

"My office boy wrote: 'The Jew is always a Jew. If you forget it you lose money.' 'Life is a struggle but marriage is a hand-to-hand fight.'

"William Boyce Thompson is the largest owner of Chase Bank."

"Every country of the world will repudiate its debts. Formerly only kings borrowed money. They repudiated. Now nations borrow. All nations have bankruptcy acts."

"Schwab has been broke twice. When he was celebrating his fortieth birthday he said, 'I shall go broke for I love to gamble.'

"I put money three times into his mining schemes and lost $150,000. John W. Gates [28] told me: 'I have the best informa-

[25] Earl Haig (1861-1928), Field Marshal commanding British Expeditionary Force in France in latter part of World War.

[26] President, New York Trust Co.

[27] Harry F. Sinclair, oil man since 1901, leased Teapot Dome. Born, Wheeling, W. Va., 1876.

[28] "Bet-you-a-million Gates," steel operator and speculator. Born, DuPage Co., Ill., 1855.

tion in speculation. The boys don't get my money in poker or bridge. I do pretty well and think I know the game, but I will tell you the truth. I have to go back to commercial enterprises to square my speculative accounts.' "

J. S. Bache [29] said:

"I borrowed $6,000,000 for U. S. Industrial Alcohol but I had to give the president of the bank a call on 10,000 shares of stock."

[29] Banker, head of J. S. Bache & Co. 1892. Born, N. Y., 1861.

Chapter Six

ROLLING MILLIONS

The Stock Market

The Stutz "corner" of 1920, engineered by Allan A. Ryan in the stock of the Stutz Motor Company of Indianapolis, was the last big corner in stock experienced by the New York Stock Exchange. It called forth rules and set a precedent discouraging to such operations.

This stirring episode is revealed here from several angles.

Another unforgettable picture is that of the "bear leader," Jesse L. Livermore, as C. W. B. saw and appraised him. Having just interviewed personally Colonel Green of Mex Pete, Mr. Barron could not accept as true Mr. Livermore's confident assertion that Colonel Green was in Mexico and had not been interviewed.

New York, May 6, 1920.

Interview with Allan A. Ryan [1] in his office by appointment at 12:30. He made objection to our editorial on the Ryan corner in Stutz concerning Foxes' Tails. Said the New York Stock Exchange had a packed jury against him. There was a good deal more than 5,500 shares short and some came up and settled like men. He would not talk about Schwab, saying he would not discuss personal matters.

I tried to explain to him that he might be losing millions in taxes by resigning from the stock exchange. He said, "If it cost me $10,000,000, I refuse to be connected longer."

He said the Stock Exchange ought to be put under somebody's guardianship, either the courts or Washington.

He declared Stutz was worth $500 a share and the stock was a free stock always to be had. Arnold, Constable & Company

[1] Son of Thomas Fortune Ryan. Central figure in the famous Stutz corner described herein from several angles. Allan Ryan's corner in the stock of Stutz Motor Co. of America, Inc., Indianapolis, attracted wide attention, and was the subject of a statement by the New York Stock Exchange as of April 16, 1920, announcing the striking of the stock from the list, after an investigation by its Business Conduct Committee.

own 14,000 shares of the stock and were free to sell it any time. There were 214 stockholders. He had gone to the Stock Exchange Committee, put his cards upon the table, and shown them everything. Then they treated him thus scandalously and defended the welshers.

He told the committee that if railroad embargoes did not interfere with his output, Stutz could make $5,000,000 net a year. "Members of the Stock Exchange continued to sell the stock right up to the last day although they did not know where they could get the stock from unless they got it from me."[2]

New York, November 24, 1920.

E. V. R. Thayer tells me over the telephone that $27,000,000 was the amount of cash put up for Durant. Of this $7,000,000 is capital for the new company.

$14,000,000 was about right for the money advanced to take over Ryan's affairs—Continental Candy, Stutz Motors, etc., but none of it has yet been sold.

Whelan told me over the telephone that Schatzkin[3] and one other person were in a pool of New Haven and had to drop 20,000 shares. Whelan and his associates have turned down Vivaudou.[4]

"Allan Ryan is all cleaned out, but I don't believe his father put up $3,000,000 with the Chase Bank to help him.

"The trouble with General Motors began with changing over the stock to $10 par. People will not trade in $10 stock. Recently the stock went up from $13 to $17. On the old basis this would have been a change of $40 a share. No notice was taken of it. The Cigar Stores formerly had $10 per stock but the Street would take no notice of it at that par and we had to change it back."

Previously Fitzgerald[5] told me over the telephone from Brookline that he knew absolutely it was $14,000,000 in the

[2] Appended to the original were Allan Ryan's figures to demonstrate that the stock was cheap at $400 a share, to which C. W. B. took exception, saying they proved only $200 value.

[3] Samuel M. Schatzkin; organizer of Burns Bros., etc. See Chapter XXV. The father of two sons now trading on the New York Stock Exchange as Schatzkin & Co.

[4] See Chapter XXV, Schatzkin interview and footnotes, for some of the history of V. Vivaudou, Inc.

[5] W. F. Fitzgerald of Brookline, Mass., retired; formerly a partner in the brokerage firm of Fitzgerald, Hubbard & Co.

Ryan matter. There would be no suit against the New York Stock Exchange by Ryan. "Ryan has known for thirty days that they had him. He is now eating out of their hands."

Fitzgerald hears that Ryan was short of Bethlehem Steel, but the bankers that took over Ryan's affairs took his Continental Candy, Stutz, Sinclair, and everything including his lawsuit.

W. E. Hazen[6] on the telephone this evening tells me he does not believe Ryan was short of Bethlehem because he had a lot of Bethlehem Steel in his loans. Bethlehem Steel is very cheap. It is the second largest steel corporation in the world with 3,000,000 tons finished capacity.

Battle Creek, Mich., December 5, 1920.

George Whelan tells me that he does not think Allan Ryan was ever worth more than $4,000,000. He was called in by Ryan's father before the bankers concerning Ryan when the question was put up to Ryan as to whether he would stand back of his son. Whelan said to the bankers:

"You loaned Allan A. Ryan money without any regard to his father when you knew Allan was not on speaking terms with his father. I don't see how you have any claim upon Thomas F. Ryan. It is up to the bankers for whose benefit Allan Ryan worked to help him through.

"Thomas F. Ryan, James B. Duke, and I have together bought about $9,900,000 worth of American Tobacco. Duke and I have been buying Tobacco Products all the way down and have a load of it. Thomas F. Ryan is the boss of the Guaranty Trust Company when it comes to a showdown. He absolutely controls it, but he does not make his control manifest. He is worth twice as much as James B. Duke. He always buys and never sells anything."

Ritz-Carlton, New York, December 14, 1920. Charles M. Schwab said:

"What is the matter with this market? Here is Pneumatic Tool at 60 paying its regular dividend and earning a great deal more. It has a $10,000,000 plant at cash values that is selling

[6] Of *The Wall Street Journal* staff; author of Broad Street Gossip Column, etc.

for nothing. In fact Pneumatic Tool is selling for less than its treasury.

"Bethlehem Steel is near 50 and its real book value is near 300. It will earn $40 a share this year before charge-offs and between $25 and $30 according to what we can charge off. I charge off every possible thing. I have charged off since the war $100,000,000. We have some little difference with the government on these charge-offs but not much.

"I don't think Allan A. Ryan owns a share of Bethlehem Steel. If he bought 25,000 shares at around 70 he would probably buy it for me, not for himself. Thomas F. Ryan and I have been friends for many years. Twelve years ago when he was retiring from business he brought his boy Allan to me. Told me Allan was his hope for the future. Could he take his place on the Bethlehem Steel board and would I look out for him? I have looked out for Allan ever since and he has made money in Bethlehem Steel. But I never took any interest in any of his enterprises. He told me this year that he was worth $100,000,000. I said that was when he probably valued Stutz at $1,000 a share. He said his Stutz was not good collateral with the banks now and I loaned him $1,000,000 Bethlehem Steel preferred and took Stutz stock as security and gave him my permission to use the Bethlehem Steel in his loans.

"It took me a long time to find out what had disturbed Allan when he made that attack on me. I never had any interest in Stutz and my brother Joe had never sold any puts or calls on Stutz.

"Allan later told me that Mrs. Burden told him that at a dinner given by the president of the Empire Trust Company she had heard me speak slightingly of Stutz or one of Ryan's properties, declaring it was worth nothing. I told Ryan I never could have said any such thing and I think he now believes it.

"He thought I had also attacked him or his stocks when he had underwritten the new stock in Chicago Pneumatic Tool for a commission of five per cent. I took up a major part of this stock, although Ryan was paid to do it. His father was always a friend of mine and I was willing to do anything to help Allan along.

"Bethlehem Steel cannot make rails at $47 a ton so we took no orders. I don't believe Lackawanna can make them at that price either. Bethlehem Steel has no floating debt and we have

invested Bethlehem Steel money in buying up our bonds. We can see a year's business ahead."

On train to New York, June 29, 1921. Mr. E. V. R. Thayer [7] said:

"I could never conceive that a man could be so mean. He said I had 9,000 shares of Stutz with him, but as a matter of fact I never had an account in his office; never authorized the purchase of a share and my only interest was to advise him not to make a corner. But he went ahead and bought the stock and created his own corner. As a matter of fact, I called him on his loan.

"They wanted to extend the Sinclair pool and I said: 'No. We owe only about $2 a share on the stock. It is practically paid for. Let every man put his stock in his box.' But he could not deliver the stock. He has borrowed on the stock and sold the stock when he had no business to do either to the extent he did. Instead of sustaining the stock he sold it.

"We never loaned more than $1,500,000 on furs. The outside credit was $2,000,000 and of the $1,500,000 we wrote off fifty per cent when the trouble came in the fur market while other banks wrote off only twenty-five per cent.

"I spent the month of May in Cuba. The new president says this is the fourth big job he has had to do in Cuba to straighten out Cuba Cane, but it is the worst. Providing places for all the members of the family is the family religion in Cuba as in Mexico. The only thing they can do in Cuba is to shut down all the high cost producers and produce less sugar."

New York, September 29, 1921.

Holmes [8] telephoned to the Ritz Carlton early this morning that he had a long talk with Livermore [9] over the telephone last night. Livermore said:

"This market is the most discriminating market I have ever seen. Don't fool yourself into thinking that a man can buy anything and make money. A lot of stocks have yet got to go

[7] Former president Chase National Bank, New York. Born, Boston, 1881.

[8] The late John Holmes, market expert of *The Wall Street Journal.*

[9] Jesse L. Livermore, generally considered the bear leader of Wall Street.

down. I am very much interested in Endicott-Johnson. It is a second Sears, Roebuck. When the market is right that will be a market leader. But I am now still bearish on Sears Roebuck.

"Doheny has been selling Mexican Petroleum and I know it. But I do not want him to know that I know it. There was a meeting of the Mexican Petroleum officials called yesterday afternoon to consider the serious situation in Mexico. The Toteco district in which Mellon is interested is going to salt water and it is a serious situation."

Holmes says Livermore is bullish on sound investments and the railroads and particularly on Studebaker. He has had men in Mexico following the Mexican situation a good while. He is particularly bearish on Mexican Petroleum. Livermore is working for other people. He told him recently: "Holmes, it would not cost me a nickel if the market breaks wide open." He is particularly bullish on Southern Pacific, American Locomotive, and Endicott-Johnson. Says Whelan has been licked. He bought Baldwin Locomotive heavily at above 90 and took a good licking in it. The Standard Oil made more money out of the oil bought of Doheny than Doheny did in producing it. Atlantic Refining has charged off a big loss in oil.

New York, September 29, 1921. A friend says to me:

"Livermore sold Mexican Pete short from 163 to 190 and covered between 84 and 93. He also made a big killing in American Sumatra covering around 44. Whelan told Livermore he was going to put the market up with Mexican Pete as a leader but Livermore advised against. He said when Mexican Pete was over 100 it was too high. Whelan advanced him the money to put up Mexican Pete, but Livermore would not put his own money in it. Then Whelan accused him of selling the stock short which he states he did not do.

"Livermore is willing to be hired by people but he won't put his own money into it unless he believes in it. He said the Standard Oil interests were selling against Whelan on Mexican Pete and trying to hammer it down.

"Livermore told Whelan tobacco stocks would be better leaders and Livermore put up Tobacco Products with his own money."

September 29, 1921. George J. Whelan said:

"I have not made a trade since I quit the market, but I think the market is bound to go up. It will do nothing for the next few days but wobble around. Some stocks were put up too high, higher than the insiders wanted them, such as Baldwin, Studebaker, and Steel. They will go down again.

"I think Livermore was disappointed at receiving no support and no credit in putting up the market. The newspapers rather made fun of him. I think some things will go down and then the market will again advance."

The Oaks, Cohasset, October 8, 1921.

Holmes telephoned that Livermore tells him that he let the market off to test it out to see if people could get stocks down, but they cannot do it. Livermore is now ready to take hold of the oil stocks selling at about $30 a share and put the market up again and he is particularly bullish on Pacific Oil, Texas Oil, and Houston Oil. He says the old crowd is back in Houston. People who were bullish on it at 150 are now cleaned out. He believes Baldwin Locomotive, oils, and Endicott-Johnson will be the market leaders. Studebaker he says is one of the cheapest stocks. For the last quarter of the year there will likely be a poor showing and Studebaker and the motors can be reserved for later movements.

He says Baldwin may be put to 110 in two or three weeks. It is a better market leader than American Locomotive which insiders always throw at you when you get the stock up. Baldwin is easy to handle.

He is not very bullish on Whelan.

Holmes says Whelan has gone back to 18th Street to manage United Cigar Stores which has been going very badly.

Livermore says Pacific Oil will cross 50 by the end of November; that Royal Dutch is not in good situation because German marks have landed the Hollanders and the Dutch banks. They have had to sell their Royal Dutch oil stock.

New York, October 19, 1921.

Spent an hour at 111 Broadway with Livermore and Holmes. Livermore through Holmes desired to meet me to prove to me that his information adverse to Mexican Petroleum came from 26 Broadway; that Mexican Petroleum was a pool

being rapidly exhausted; that Standard Oil of New Jersey recently asked for bids for changing over fifty oil tankers from oil burning to coal burning; that he had within six months, or when the stock was about 103, been invited to bid on 100,000 shares of Mexican Petroleum offered him by a bank.

He said Bill Green [10] never put out that statement attributed to him. It was made up by Doheny or his office and Green's name attached to it, but Green did not make any of those statements and told his friends so yesterday before he left town. He said Green came up here to inform Mexican Petroleum people he had drilled on the uplands on the west side of the Cerro Azul and found nothing.

Livermore could not pronounce Cerro Azul, Toteco, or Zacamixtle even with the map before him, showing me that he had never talked with an intelligent person from Mexico familiar with the Mexican oil field. He said three banks had offered him 100,000 shares of Mexican Petroleum when it was 103 within six months and he had bid on it and could not get it. I asked him if he would tell me in confidence the names of the banks or any one of the banks, or would put their names with three others on a sheet of paper so that I might investigate and prove the truth of his statement. He said his sources of information were such that he must protect them. I asked him how the engineers knew or proved there was only one pool. He said he was not an engineer and did not know but that it was scientifically proved.

I, of course, revealed nothing to him of my knowledge and studies of Mexico or that I myself had interviewed Green; neither Doheny or any other knew about it until it was published. He said Dow, Jones would continue to put out stories from the Mexican Petroleum office and copies were given to him fifteen minutes before they were published. This showed to him conclusively that the Mexican Petroleum people were selling the stock all the time and putting out stories to help the market while they sold.

He said it has even been proposed to him that he should go in and buy up all that remained of the outstanding Mexican Petroleum Company stock and they would take it off his hands. He said he offered to go in with them to buy the stock, but they could not catch him buying the stock on a promise that they

[10] An executive of Mexican Petroleum. Colonel William Green.

would take it off his hands. It reminded him of Whelan who got several people to join him in buying Steel around 80. Whelan bought the stock and sent it in to the people who joined him. Livermore took his 3,000 shares. Then the stock broke and inquiry revealed that Whelan had sold within so many hours after he had bought their stock. Whelan said he changed his mind and every man was free to do as he pleased as there was no pool.

He said he might or might not have made $15,000,000 in selling Mexican Petroleum short. He sold it from 160 to 180 and then had no trade in it for a long time. He covered his stock at an average of 92. He wished there were 2,000,000 shares of it and then he would sell 35,000 shares but he did not dare to sell more than 7,000 shares with the small amount out. He said the traders on the floor of the Exchange make the activity. One trader may buy 5,000 shares in the morning and sell in the afternoon. But the position of Mexican Petroleum did not change from day to day.

He said his report from Washington just received was that the Administration would first cut railroad rates and then through the Labor Board reduce wages. He admitted with me that it was a foolish procedure, but he believed that it was the present plan. He showed me three sheets of the Associated Press report on Lloyd George's speech in Parliament about the number of men out of employment and the proposal of one hundred per cent assistance to export trades. He said he offered it to my man Holmes fifteen minutes ahead. We, of course, thanked him but I gave him nothing but questions and no information. He said it was a pity that the Mexican Petroleum and other people put out lies in Wall Street. A statement like that attributed to Col. Green should be signed by somebody and they should be held responsible for it. There ought to be a law that would prevent the circulation of these lies in Wall Street.

He said, "Look at Mexican Petroleum preferred, an eight per cent stock, selling at 70; that shows you what the real outlook is for Mexican Petroleum."

He also said: "I bought Stutz at 58 and got out of it and sold it at 55 and thought I was wise when I saw it sell at 53. But at that point it started up and never stopped until it got to 700."

Livermore is buying American oils and is especially bullish

on Pacific Oil and Texas Oil. He believes they will have great advances next year when the Mexican oil pool is exhausted and consumption has absorbed the oil which everybody is now rushing to take out of that pool before its exhaustion.

He said Duke, Ryan, and Whelan had a little speculative company which handled their stocks and took hold of outside stocks only to help their own.

"35,000 shares of Baldwin is about my proper proportion with 200,000 shares outstanding. When I buy stocks, I will buy all the stock I can finance. That is my limit and nobody will prevent me buying stocks when I can finance them." He had previously told Holmes that the bankers were not willing to finance him in a bull campaign and that is why he stopped.

Livermore had said to me that demand had just been made on Mexican Petroleum Company by the Standard Oil and Mexican Eagle Company to return 7,500,000 barrels of oil loaned to fill its contracts when it did not have oil. I laughed with Doheny about it later, and he said they were interested jointly with Cowdray in oil at Amatlan which they had taken out and stored for the Cowdray interests or Mexican Eagle—about 4,000,000 barrels of oil. It was not loaning at all; it was really storage of oil, as young Doheny said.

E. L. Doheny said that Wylie [11] had recently asked Mexican Eagle people to take that oil, but they had replied that they had no storage for it.

Livermore told Holmes on Monday that Wylie had taken up Green's Pan-American at 45. Green is not worth a cent. While Holmes was talking with him he went to the telephone and then told Holmes that that was a Washington man who had given him an order to sell carefully 1,000 Mexican Pete the next morning.

E. L. Doheny said that Whelan had talked with him about Mexican Pete and wanted information and Doheny had given him copies of the annual reports to read. That was about the whole of Whelan's connection with the Mexican Petroleum offices or officers. Of course, Shotwell [12] had worked for them all and was instrumental in Doheny buying Whelan's yacht, the *Casiano,* some years ago.

[11] Herbert G. Wylie, vice-president Pan. Am. Petroleum & Transport Co., managing director British Mexican Petroleum Co. Born, Dublin, Ireland, 1867.

[12] Thomas F. Shotwell, former financial writer for Hearst. Now with H. L. Horton & Co., members N. Y. Stock Exchange.

Battle Creek, Mich., October 26, 1921.

"Have had two interviews with Duke [13] who is the brother of James B. Duke, a year and a half older than the latter. He says one of their best investments is the Southern Power Company which has been estimated to have a value of $60,000,000; besides the $9,000,000 of bonds they have put $15,000,000 or $20,000,000 into it, but they are making $3,000,000 a year. It is run with very small man-power and has been a godsend to the manufacturers taking the power at $19 and $20 a year while coal has been at high prices.

"James B. Duke is now in the South in litigation and may have to stay there for weeks. He has one of the most magnificent places in the world in New Jersey and in the summer employs forty people to run his lawns. His fountains are run with filtered water. But as to the report that he is worth $120,000,000, most of the reports concerning rich men are an exaggeration.

"George Whelan has lost his standing. Retail Stores, Candy Stores, and a lot of his other things are just speculative promotions for him to play with. He may have been worth $15,000,000, but he is not worth $10,000,000 now. He has lost a lot of money. The rich man is his brother, Charles A. Whelan,[14] who saws wood, keeps his mouth shut, and is worth $15,000,000.

"Some years ago I got word from a newspaper man at Buffalo that the Butler brothers were going to turn us out of American Tobacco. They had made arrangements with James R. Keene [15] and Colonel Payne [16] to back them. James B. Duke was to be sent back to mule driving in North Carolina. I telephoned my brother who had been watching the advance in the stock and could not account for it. It had gone up ten per cent, twenty per cent, thirty per cent, and forty per cent. He replied instantly, 'Sell 40,000 shares and ask Dominick of Dominick & Dickerman [17] to get me an interview with Colonel Payne.' Colonel Payne at first refused this, but Dominick explained and my brother laid the cards before him and gave

[13] Benj. N. Duke, president Erwin Cotton Mills Co. Born, Durham, N. C., 1855; died, 1929.

[14] President and chairman United Cigar Stores of America. Born, Syracuse, N. Y., 1863.

[15] Famous market manipulator and turfman. Born, 1838, in London, Eng.

[16] Col. Oliver H. Payne, brevet Brig.-Gen. Born, Cleveland, O.; died, 1917.

[17] The firm is now Dominick & Dominick, members N. Y. Stock Exchange. Bayard Dominick joined the Exchange in 1873.

him the reasons for every policy he had pursued. Payne said, 'I have been deceived but I will back you, Duke, for 40,000 shares of Tobacco with the sole proviso that you remain in charge.' The result was that the Butler brothers were thrown out.

"Colonel Payne was a bachelor who left $200,000,000. It went to Payne Whitney [18] and his sister. He and his sister had sided with Colonel Payne's favorite sister who was divorced from William C. Whitney.[19] Colonel Payne loved his sister and no other woman. He always kept her picture on his desk. Harry Payne Whitney and second daughter sided with the father. They were cut off by Colonel Payne but inherited from William C. Whitney."

New York, June 8, 1922.

Met W. B. Thompson here and he invited me to spend the night with him at Yonkers. Driving from the Ritz-Carlton with me he said he believed Lamont intended to retire from Morgans when he bought the *Post,* but Davison will probably never come back and Lamont was unable to carry out his plan. Thompson said:

"I no longer give orders on both sides of the market, but give one broker orders to do the business. I do not care to have even the appearance on my books of a wash sale. It is not a wash sale where you are buying and selling and paying commissions both ways.

"From 35 down the people interested in Sinclair put $10,000,000 into the purchase of stock. But they could not take everything. I think some of this stock may have been sold. Sinclair is a good fellow but the worst partner. You never know what he is planning. He is now out West and I think something will be doing when he comes back. To my mind the worst thing about Sinclair is that it has stopped growing. Railroad freights are so high that distribution must be concentrated. If we had the $17,000,000 due from the Standard Oil for one-half the pipeline we could go ahead with construction and developments.

"It is only a question of time when the big production from

[18] Payne Whitney, director First National Bank, N. Y. Born, New York; died, 1928.

[19] William Collins Whitney (1841-1904); political leader and financier. Secretary of the Navy, 1885-89. Won English Derby, 1901. Born, Conway, Mass.

Mexico will be ended and then oil will be higher in this country. Sinclair had the biggest support any stock ever had when the insiders put $10,000,000 into the stock from 35 down, but we could not take it all. Between 20 and 19 there was a good demand for the stock and the number of stockholders seems to increase below 20. There are some things in Sinclair that do not look so good to me now as formerly.

"I suspect that *Harvey's Weekly* [20] was supported by J. P. Morgan and then by James B. Duke, Thomas F. Ryan, and John D. Rockefeller. I think it cost them $100,000 a year. It was cheaper to send Harvey to Europe as ambassador.

"Hearst is now willing to support a sales tax. Am I not doing right to keep in close touch with Brisbane? He is a very rich man and one of the biggest real estate operators in New York. He buys real estate between the Pennsylvania and the New York Central, right in the heart of the city and where it is steadily improving and the rate of interest he pays on conservative mortgages eats up his rents and a little more."

New York, September 7, 1922. James B. Duke said:

"The trouble with Muscle Shoals is that it is in no situation to reach or establish industries to absorb its power and pay interest on the investment under fifty years development.

"Properly developed with reserve dams built above, Muscle Shoals could produce 2,000,000 horse power. But I would not take it as a gift today. Completed by the Government I would take it on Ford's basis, where the Government gives him $50,000,000 and he only pays five per cent on $28,000,000 or $1,400,000 a year.

"My Southern Power Company is now turning 5,000,000 spindles. We cover a territory four hundred miles one way by two hundred miles another and our 400,000 horse power is all sold. $50,000,000 have been put into this investment during the past fifteen years and I am now putting in $10,000,000 more for expansion. More than half the cost is in transmission lines.

"Seventy-five per cent of all the mills built in Carolina are on our lines, which cover nineteen out of one hundred counties.

"Thirty per cent to forty per cent of all the spindles built in the South in the last five years are on our lines.

[20] Suspended publication.

"Construction cost is too high now, it is double the cost per spindle that it was. Now is the time for New England people to look over the ground and see if they want to build later with us.

"Our water power is now taken up and the labor has been pretty well taken up, but they are raising babies down there to beat the band. I should say the cost of water power will be $10 to $23 per horse power for anybody who wants to buy it of us.

"Eventually there will be $100,000,000 in this enterprise. We have $7,000,000 in bonds which will be paid off. I own seventy per cent of the stock and don't care to have any bonds ahead of it.

"Our reserve reservoir on the Catawba River covers 6,500 acres and is 135 feet deep in the center. We have eight water-power plants as well as steam plants.

"The red lines on the map show 100,000 horse power transmission and the yellow lines 44,000 horse power or less. Eventually we shall have a red line northeast and southwest across our territory and various plants will feed into these as a trunk line.

"New England cannot compete with us. I was recently shown a confidential report made for Lockwood, Greene & Company [21] demonstrating that print cloths can be made in the South, pay eight per cent on the investment, and be sold at the cost of manufacturing in New England.

"Yes, I bought the Leeds' palace [22] at Newport, the finest thing in Newport. I have now four houses: my main place at Somerville, N. J., my home in the South, one at Newport, and one on Fifth Avenue; and I am going to play golf the year round from these four places and only work two months in the winter. If the United States should get a sensible system of taxation and put the taxes where they ought to be—on consumption—and let capital increase in this country, developing industries and employing labor, this country would dominate and make prices for the whole world.

"Why, today we can make cigarettes in the United States at half the cost they could be made for in England and Europe

[21] Boston mill engineers and operators.

[22] Built by William B. Leeds, tin plate manufacturer, who died in 1908. His widow married Prince Christopher of Greece.

and pay higher wages. Somehow we know how to work and they don't over there.

"There is only one thing I am crazy about; it is the dominant position of the United States today. I thought when the war was over impoverished Europe would get to work, send their goods over here, take our money, and reduce our prices; but, damn it, they haven't begun to do it yet; they won't work; they are demoralized.

"There is something about failure in a nation as in business that is demoralizing and destroying to efficiency.

"Henry Ford is on the right tack with his money. He wants to put it into enterprise. This is what makes the country prosperous. You don't get rich by loaning out money; a country gets rich by paying wages to labor, maintaining large outputs, large consumption, and large markets.

"Henry Ford had the right idea when he swept out the desks and told the men to get up to the factory and work with their hands. They wanted to save the desks. He said, 'No, sell the desks; if you keep them, you will hire men to sit at them.' "

S. S. *Paris, April 19, 1923.* E. V. R. Thayer says:

"I never had an account with Allan A. Ryan except when I once bought a few things through him—a mere incidental transaction. I called on him once at his apartment on Park Avenue and he said something about making some money for me in Stutz. I never heard anything more about it until six months after the ending of the Stutz corner.

"He was the manager of a Sinclair pool formed to help market the bonds, in which several of us were interested. As the bonds have been sold and as there were only about $2 due on the stock, we dissolved the pool and I called for the delivery of the stock, which Ryan had pledged and was unable to return. The result of my calling on Ryan for delivery of that stock, as was my duty, was his reply that he had an account against me in Stutz, which was a surprise to me. I knew nothing about his operation in Stutz or pool except what everybody knew and didn't know of any interest I had in it, for I had never authorized any, never put up any money, never had any other conversation than a casual remark that he would make me some money in Stutz.

"The five of us in the bank were prepared to resign and fight

it out, but the directors did not want so many resignations or any fight when the financial situation in Wall Street was so tense. So we took up the stock at 60—about 28,000 shares. Schwab went in with me and later we bought more stock around 20 to average, so that 40 will, I think, bring us out square."

Cohasset, Mass. September 22, 1923.

George J. Whelan tells me Thomas F. Ryan is richer than James B. Duke. He never sells, but always buys. He has at least $75,000,000 invested in tobacco shares. He is the largest owner of the Guaranty Trust Company and the Bank of Commerce.

"Mr. Duke was bitterly opposed to the United Retail Stores becoming interested in Montgomery, Ward & Company. Duke was right; it was my mistake and we lost money by it.

"Ten years ago the cigarette consumption in this country was twelve billion. I have just figured up the estimate for this calendar year as fifty-eight billion.

"It is figured that every twentieth cigarette or five per cent of the output is given away by the user who passes around his cigarette box; thus the Camels have a situation where they introduce themselves to the whole country.

"There is no secret about cigarette making. Anybody can analyze a Camel and manufacture it, but the users would say it was not the same. Such is the power of advertising.

"I began work at $3 a week in a Syracuse dry goods store. My brother got me the news-stand privilege at the hotel, and although I made $10,000 a year on cigars at this news-stand I could never get a lease. The proprietor told me afterwards that I was an asset to the hotel and he wanted to keep me there; but if I had a lease I might put somebody else in to run it.

"Livermore quit because he could not make any money. There was too much company on the bear side always, and if he put stocks up the members of the Stock Exchange hammered prices and fought him.

"When he gave out that famous interview last March, he, of course, was short of stocks. In a fortnight he turned and went along, thinking he had turned the market, but he had to sell them at a loss.

"When he went away he covered his shorts such as Can at 100, while it later sold at 91."

Boston, August 10, 1925.

Lunched with George Whelan and his friend, Harder,[23] at the Touraine at 1 o'clock today. Whelan said:

"I expected to see Durant [24] in Boston today, but he is due at Flint, Michigan, at 11 o'clock. We want to consolidate leading pipe making concerns in this country. We do not want the Replogle Company, but we do want Replogle's pipe making concern, the Warren Pipe Company, which makes the highest grade of pipe.

"The Universal, in which I am interested with Harder, now represents the French pipe makers, the largest in the world. They are selling pipe all over the world and do not care much now for this market, but their imports to us helped to put the price of pipe down $15, so that nobody is now making much money at $41 per ton.

"If we can consolidate the Universal and the United States Cast Iron Pipe Company we can advance the price, stabilize the industry, and everybody will be satisfied. The people who buy pipe want to know that the price is stable and that after they have made their contracts there will not be a drop in the price. This is more important than how much they pay for it.

"Cast Iron Pipe is doing about 350,000 tons a year, and altogether the United States consumes almost 1,500,000 tons of pipe.

"We propose to put in Universal Pipe on the basis of share for share of common and give Cast Iron Pipe three shares of common.

"We propose also to buy with new debenture bonds United States Cast Iron Pipe preferred at 120 and Universal Pipe preferred at 110.

"I have recently put up Cast Iron Pipe preferred from the 90's to 110 by my purchases, for that has voting power, and if we get the preferred stock with what Durant owns of common, we may be able to control the company and make a consolidation even without the consent of the directors of the Cast Iron Pipe Company.

"They don't seem to be paying attention to business in the

[23] George A. Harder, chairman Universal Pipe & Radiator Co., and director of other metal producing companies. Universal Pipe did not enter the Warren Pipe merger.

[24] William Crapo Durant, organizer and twice president of General Motors Corp. Active in stock market operations. Formerly president Durant-Dort Carriage Co., Flint, Mich. Born, Boston, Mass., 1861.

way of caring at all for profits. I believe that they are not working the company for profits.

"If we can control the preferred we may make the consolidation.

"Durant in my judgement will lose his money just where he has made it, in the stock market. He is too spread out. When I work in a stock I work only in that stock. I am working only in Universal now. The other things I do are only side-issues. The only way to success is concentration. I deal in only one stock at a time.

"I recently put up United Cigar Stores to above 90, and my associates did not like it. Schulze,[25] son-in-law of William B. Thompson, has charge of a big pool in Tobacco Products—150,000 shares.

"James B. Duke has distributed his property, one third to his wife, one third to his daughter, and one third to Duke University, and yet he operates the property of his wife and daughter and continues to trade for their account.

"Durant puts his stocks too high, and then they have a big tumble and nobody will take any interest in them. I went into Independent Oil and Gas with him about $8 and sold out at $18 when I found that the president of the company was selling. It is not worth over 25, but Durant put it up above 40.

"Durant is interested in General Motors. He put the stock up. He told me the other day to buy that and American Safety Razor. I bought the Safety Razor and it went down five points, but did not buy General Motors, which went up eight points.

"I keep in touch with Durant but the stock market game does not make for personal friendship. Every man has to be independent.

"Blair & Company agreed with the Chase Securities Company when they went in to buy Pan-American that the dividend would not be cut, and I don't believe that this dividend is going to be cut although the people in Wall Street say it will be.

"I understand the Foundation or Standard Oil people are mad with Stewart for going into Mexico, but Stewart[26] does

[25] Theodore Schulze, president Theodore Schulze & Co.

[26] Robert W. Stewart, Standard Oil of Indiana, chairman of Bd. until voted out at stockholders meeting, 1929. Born, Cedar Rapids, Ia., 1866.

not ask anybody what he shall do. He is the big fellow of Standard Oil and does as he pleases. He is a great big strapping fellow, and when I crossed the ocean with him I found him in the smoking room with two other fellows, and they had twenty-seven rounds of cocktails. Think of that. I don't know who drank them.

"I think the Standard Oil does not want to get mixed up in Mexican politics, but they cannot control Stewart."

Whelan also said that he understood that the oil people had now determined not to make any posted tank price for oil, but they would sell oil secretly and privately and for any price they pleased. There were too many companies in the oil business and too many oil stations.

Boston, Mass., May 24, 1928. Carl Dennett said:

"We looked into American Power & Light when we heard it was a good thing. After doing as much investigation as possible we sent down to the president of the company and he opened his books and figures to us, and we had them gone over. That company is all right, and has a great future. The same management has the Electric Power & Light, which is building a two-hundred-fifty-mile pipe-line to bring the gas for its gas company into Memphis from its fields in Monroe, Louisiana. From this field a pipe-line is going into New Orleans to supply gas for power and light there. The Electric Power & Light owns both the Memphis and New Orleans companies.

"You know how Radio started. It was about 90 when Raskob,[27] Fisher,[28] and others and myself looked into it. It was found that the United Fruit Company had sold its stock.

"Raskob will not sell his General Motors at any price, nor his Radio. He does not care what the market price is. The Fisher Brothers had $400,000,000 in money in February to play with.

"There is a group of people around the Fisher Brothers that can handle pretty close to one billion of cash.

"Teagle is an honest man and the Standard Oil of New Jersey is honestly managed, but the oil people have known for years that Bob Stewart was not conducting his company properly. Now Rockefeller has gotten on to it and will try to get him out."

[27] John J. Raskob, chairman Finance Comm. of General Motors, 1919-1928; chairman Democratic National Comm., 1928-29. Born, Lockport, N. Y., 1879.

[28] Frederick J. Fisher, eldest of Fisher Bros., automobile body manufacturers; director National City Bank, General Motors, etc.

Chapter Seven

TRANSPORT TALES

Railroads and Ships

EITHER in retrospect or person here appear most of the great figures in the stirring drama of American transportation—James J. Hill, E. H. Harriman, Jay Gould, and John M. Forbes among the pioneers; A. H. Smith, C. S. Mellen, S. Davies Warfield, and Frederick H. Prince in the next generation; and in the present generation W. Averill Harriman and the Van Sweringens.

RAILROADS

New York, June 1, 1915. Spent about an hour with Judge Lovett [1] at the Union Pacific office. Judge Lovett said:

"I would never write an estimate of Harriman [2] for Mrs. Harriman, for as a woman she would not appreciate the facts I set down. Harriman was not a man without faults. My idea is that you praise Harriman if you set forth his faults and his great qualities, but to praise him and not recognize his faults is not in my line.

"He was a human dynamo and had wonderful confidence in himself. When he started upon a course nobody could swerve him from it. He would go right through despite all opposition and carry the situation alone. He would not understand public sentiment or why he had public opposition in many cases.

"He took the San Francisco earthquake disaster upon his shoulders single-handed. It never fazed him for a moment.

"We tried many times to explain the Alton [3] matter but we never could reach any satisfactory explanation. When we thought we had something I would show Harriman how from

[1] Robert Scott Lovett, chairman Bd. Union Pacific System. Born, San Jacinto, Texas, 1860.

[2] Edward H. Harriman, railroad financier. Born, Hempstead, L. I., N. Y., 1848; died, 1909.

[3] The Alton attracted wide publicity in 1906, when the Chicago & Alton was refinanced by Harriman as described above.

the facts it could be picked to pieces. He would lose patience and throw it up. There never was any explanation made and I do not think there could be any explanation made. Harriman declared it was the one blot on his record.

"The idea that the syndicate poured money into the Chicago & Alton which was spent in improvement of the main line property is not correct. There never was more than $1,000,000 or $1,300,000 of the syndicate's money spent for the rebuilding of the main system. The syndicate went through the form of buying another property and making a consolidation and taking three per cent bonds at 60 and selling them immediately at about 97, thereby making a big profit. They had to go through that form of consolidation to get the profit.

"It is true that the aggregate charges were not increased but if you have eight per cent bonds maturing and buy them in and then sell four and three-quarter bonds at a big discount you may reduce the company's charges and put big money in your own pocket, but you are not taking anything from yourself and putting it into the company. You are taking the company's credit and transferring it to your own pocket.

"The crime of the Alton was that instead of the Alton credit being improved the Alton credit was destroyed and the benefit of that credit transferred from the company to the syndicate.

"Harriman was an enormous operator at times and had he not been a very rich man he might have gone under. I remember being with him one morning when his orders to purchase Union Pacific around 145 seemed to me enormous. As I was with him at his house he was giving his orders over the telephone. In answer to my protest he assured me that Union Pacific could not go down. He so impressed me that I determined to follow his advice and buy some when I came downtown that afternoon, yet when I reached downtown the stock was 125."

Paris, March 10, 1919.

With Ambassador W. G. Sharp and his son at the Embassy. Sharp thought the I. C. C. had measurably ruined the roads by their picayune methods. As a shipper he had always demanded that the railroads be prosperous.

He asked Taft[4] once why he did not tell the Interstate

Commerce Commission what to do—support the railroads and get them credits and proper rates. Taft's response was that the I. C. C. was, of any official body in the United States, the body most jealous of its functions and prerogatives.

Boston, Mass., June 21, 1919

Dined at H. B. Endicott's with the governor (Calvin Coolidge), Mr. Hustis,[5] New England's regional director, Judge Anderson[6] and President Bancroft[7] of the International Trust Company, and Director-General Hines[8] of Washington, and the wives of the four.

Hines said: "I have decreed that the advance in wages must stop and that we have passed the war maximum. Do not think, however, that wages will come down. Congress must legislate before the end of the year to put the railroads in proper shape for return."

On train to Boston, July 8, 1920. With Timothy E. Byrnes.[9] He said:

"I joined the New Haven road at the invitation of Mellen, with the understanding that I was to be his successor. Theodore N. Vail and I were good friends. He often called me up and we rode uptown together. He asked me to join the telephone company and to add sufficient to my salary to make it attractive. I might have made a failure of it or a success, but Vail and I were always agreed on business principles and policies. But I was afflicted with a fool notion of loyalty and would not leave Mellen."

S. S. Olympic, May 7, 1921. Sam Hill[10] said:

"Jay Gould[11] was in charge of the Union Pacific and the

[4] 27th President of the United States, later Chief Justice. Born, Cincinnati, 1857; died, 1930.

[5] James H. Hustis, with Boston & Albany, 1907-13; president N. Y., N. H. & Hartford, 1913-14; president Boston & Maine, 1914-. Born, New York, 1864.

[6] George E. Anderson, judge U. S. District Court, Boston, Mass.

[7] Charles G. Bancroft, chairman Exec. Comm. First National Bank, Boston; director United Shoe Machinery Co., president Central Aguirre Sugar Co., etc. Born, Lancaster, Mass., 1867.

[8] Walker D. Hines, lawyer; general director railway operations, 1919-20. Born, Russelville, Ky., 1870.

[9] Former vice-president of the New Haven. Later active in coastwise shipping. Born, Bellows Falls, Vt., 1855.

[10] Son-in-law of James J. Hill. Seattle Gas Co., etc. Born, Deep River, N. C., 1857.

[11] Capitalist, builder of Erie. Born, Roxbury, N. Y., 1836; died, 1892.

Oregon Short Line when James J. Hill [12] started to build his Great Northern. Gould soon found out. There was a meeting at Gould's house which young George Gould [13] and I attended. While the old men talked we looked out of the window, but kept our ears open. Gould told Hill it was not necessary for him to build the Great Northern and he would arrange everything through the Union Pacific and Oregon Short Line. Gould offered also to build and issue securities at $30,000 a mile on roads costing $15,000 a mile.

"Hill replied: 'Our one desire is to build up the country and share in the prosperity that must follow. A railroad is a tax on the community. It has no reason for going there unless to perform a service not now provided. Give a carpenter a dull tool and he cannot do good work. Give him a good tool and he can exercise his capabilities to the highest point. During the lifetime of these two young men all the traffic from the coast country will be low-grade tonnage. It will not require a packing box buggy and Morgan horse, but will require the old horse and dray. We should build our railroad through and capitalize it for exactly what it costs; not a dollar more nor a dollar less and hope to share in the prosperity that is to follow. I will not join with you in a real estate speculation, for a real estate speculation is not a railroad.'

"Jay Gould said: 'Will you take me in as a partner?' Hill said: 'All our stockholders are partners. There is no inside deal. Our stock is on the exchange and we shall be glad to have you as a partner.' "

S. S. Olympic, May 9, 1921. Sam Hill said:

"In May, 1890, James J. Hill told me: 'We are going to have a panic next September. It will take five years to get over it.' He had advices daily from every capital of Europe. At that time he predicted within four days the exact date of the panic. Then he had nothing in his box. As he said, 'Not a pound of meal.' He had only cash. He had sold everything in Great Northern and Northern Pacific. Perhaps he had $50,000,000. He did not leave more than $100,000,000.

"He never received any salary from the railroad. He

[12] Pioneer railroader in Northwest. Great Northern & Northern Pacific. Born, Guelph, Ont., 1838; died, 1916.

[13] George Jay Gould, capitalist. Born, New York City, 1864; died, 1923.

boasted that he never raised a rate or lowered a dividend, and that he built a mile of road for every day in control of the road.

"I reported on the value of the Mesaba [14] Range and sold it to J. J. Hill. But he would not believe us until he had seen the range himself personally. When the lawyers told him the railroad could not invest in the Mesaba Range, he bought the ore lands himself for $3,000,000 and when the earnings had paid out the profits, he presented the shares to the Great Northern shareholders. They were worth a billion dollars. He never permitted any side deals or speculations. Everything had to go to the shareholders. He considered them all his partners. If a woman or small shareholder was unable to take his rights which were what gave value to Great Northern shares, the rights were sold and check for the rights sent them."

Stockbridge, Mass., August 26, 1921. C. S. Mellen [15] said:

"I see no hope in the New England railroad situation.

"What do you think of Pearson [16]? He was one of my operating associates in the Northern Pacific. By the way, I think Northern Pacific and Great Northern are going to pieces. Pennsylvania is also in a bad way. New York Central might be saved despite its bad management. I understand Judge Anderson is very much troubled over the railroad situation and the position of the savings banks and trustee estates from coming railroad defaults and the position of the government loans. His chickens are coming home to roost and perhaps he has some conscience about him.

"No improvement has been put upon the Boston & Maine since my day.

"At the last New Haven directors' meeting attended by Morgan,[17] he proposed underwriting of 1,000,000 New Haven shares at 120. He did not want to mortgage the line, but it was finally decided to carry the floating debt. Morgan carried it for a year and now the government has that floating debt. That was the turning point in New Haven's credit.

[14] Near Duluth, Minn.

[15] President New Haven, 1903-13; Boston & Maine, 1910-13. Born, Lowell, Mass., 1856; died, 1927.

[16] Edward J. Pearson, president New Haven in 1921 and since. Born, Rockville, Ind., 1863; died, 1929.

[17] J. Pierpont Morgan (1837-1913), founder J. P. Morgan & Co., bankers. Active in railroad and industrial mergers. Born, Hartford, Conn.

Lane [18] of Lee, Higginson & Company had offered to take fifty-year four per cent bonds on a four and one half per cent basis with provision for mortgaging the road which had no mortgage on its main line. But instead Morgan carried the floating debt at four per cent for a year. The offer of bonds would have taken care of all our 1912 maturities.

"The thing that had the most influence in forcing my resignation was something which ought not to have had any influence at all. That was the unfortunate accidents on the road and loss of life. People demanded a change in the management. Young Morgan was badly advised yet I think he acted conscientiously and for what he regarded as the interests of the property. He believed the advice given him was correct that a change in the management would change public sentiment toward the road.

"Of course, what most seriously affected me and the whole New England railroad situation was the death of J. P. Morgan, Sr. I never undertook any enterprise for the New Haven road without first seeing Mr. Morgan and making arrangements for the money.

"It was a great crime for the Boston & Maine road to issue its preferred shares for Boston & Lowell eight per cent guaranteed stock and Connecticut River guaranteed ten per cent stock and then stop the dividend on the preferred stock which means that Boston & Lowell is now selling at 20 or 30. If I had done such a thing as that people might have been called upon to hang me.

"I cannot see anything in front of the New Haven but bankruptcy and receivership. This would of course break the contracts with the labor unions but the I. C. C. would still have jurisdiction over the rates. It has never yet been settled whether they would have the right to make confiscatory rates. I would like to see the issue tried out, but certainly the contract with the labor unions would be broken. New York, Westchester & Boston, which is no part of the New Haven system, could be thrown over and also some worthless branch lines. But there are some good branch lines that are mortgaged. If these branch line bondholders could be induced to join with the New Haven debentures and convert into a preferred stock,

[18] Gardiner Lane (1859-1914), a partner of Lee, Higginson & Company from 1892. Previously vice-president Union Pacific Railroad.

something perhaps might be done in the way of giving the system new credit with a possible new mortgage. The common stock ought not to be disturbed.

"There are 300 miles of road in New England that ought to be abandoned and another 150 miles that ought to be built. This would change the whole course of traffic and the new mileage would be profitable. It would change a lot of mileage from loss to profit.

"There is still room for railroad enterprise in New England. It would be very much to the interest of New England to own its own railroad system. I have always believed in this. It is very gratifying to me to have seen so many expressions of confidence in the views I always held for the upbuilding of New England and its railroad system. People now say my policy was right.

"Recently I was asked to formulate some plan for the New England railroad system by one who had influence in Washington. I may think the matter over, but I cannot see at present what ought to be done. The plan under which Morgan, Sr., and I were working was to have a position in New England by which we could get $25,000,000 additional division with the trunk lines because we would be in position to force it with our steamship connections. But the first thing Elliott did was to throw away the steamboat lines. He could have kept them notwithstanding the law. Other railroads kept them.

"I hope Mr. Byrnes [19] is not injured by the collapse of Judge Mayer [20] and his ocean enterprises. Byrnes is a very able and valuable man. I am seventy years of age and Byrnes a few years younger. It may be very hard for him to get fully established after an experience with New Haven in the steamship business."

March 23, 1922. Vice-President Glennon of the New York Central said:

"Al. Smith, now president of the New York Central, was in the auditor's office of the Lake Shore and applied to Kenneth for another job. He was asked if he was not being treated well. He replied: 'I notice that all the old men where I am have

[19] Timothy E. Byrnes.

[20] Charles Mayer of Philadelphia (1860-1926). Corporation lawyer. President France-Canada S. S. Co. Director Pullman Co., Bethlehem Steel, Harriman interests, etc. Very active in steamship operations during and directly after the war.

reached a limit of about $3,000 a year. My ambitions are beyond that.' So Smith [21] was promoted to $1.25 a day as a member of a bridge gang at Adrian, Michigan.

"Later he found he was foreman of the gang. Then he became division superintendent. When they could find no man on the line to clear up the freight crush between Pittsburgh and the Lakes they sent for Smith. He did the business and continued to advance until he became a great war director of railroad operations."

Paris, May 15, 1922.

With Sam Hill at the Hotel Plaza Athenée for luncheon. Sam says James J. Hill had $42,000,000 out of $80,000,000 Northern Pacific common under lock without the knowledge of Morgan. James J. Hill was at Aix-les-Bains at the same hotel with Morgan. Morgan ordered Baker to buy 140,000 shares of Northern Pacific to defend Hill, not knowing that Hill had control. When Hill explained the situation to Morgan the orders to Baker were canceled, but the mischief had been done.

Lord Mount Stephen,[22] Lord Strathcona,[23] J. Kennedy Tod,[24] James J. Hill, and one other controlled the Great Northern and it was agreed that Sam Hill should be J. J. Hill's successor. They first scaled the stock of St. Paul, Minneapolis, & Manitoba by $8,000,000. They then built it up as the Great Northern. At Hill's death he had only seven per cent of Great Northern but now the family has none.

Sam Hill thinks the proper method of operation would be now under the law to merge the Great Northern and Northern Pacific into the C. B. & Q. and have Hale Holden [25] operate it. Howard Elliott [26] is not a strong man and his road is losing all its business with Japan and the Orient. There is nobody thinking for the property.

[21] Alfred Henry Smith, president N. Y. Central 1914 to his death in 1924.

[22] George Stephen, created Baron Mount Stephen 1891. Co-founder with Donald Smith of Canadian Pacific Ry.; died, 1921.

[23] Donald Alexander Smith (1820-1914), Baron Strathcona and Mount Royal, builder C. P. Ry. Born, Forres, Scotland.

[24] J. Kennedy Tod became a member of J. S. Kennedy & Co. in 1879. The firm was largely interested in Gt. Northern and financing C. P. R. construction. Born, Glasgow, 1852.

[25] President C. B. & Q. since 1914, except 1918-20. Born, Kansas City, Mo., 1869.

[26] Chairman Northern Pacific since 1920. President New Haven, 1913-17; then president N. P. In railroad work since 1880, beginning as rodman with C. B. & Q. Died, 1930.

Sam Hill says: "There is a singular streak in the Hill family. Hill would not speak to his wife for sometimes a whole week. My wife would not speak to her mother for a year. Hill had ten children, one of whom died."

Sam Hill lived with Alvin W. Krech,[27] late of the Equitable Trust Company for eight years. His father was William Krech, a composer; only German was spoken in the Krech family.

New York, June 19, 1922. A. H. Smith said:

"I came with the New York Central in 1902 when I was thirty-five or thirty-seven years of age and have been doing nothing but rebuilding railroads ever since. Of course, in 1902, I was not known as the active man, but I was the pusher behind the throne. In 1907 I had to rebuild the Boston & Albany. In 1912 I had to rebuild the Michigan Central. That is now earning forty to fifty per cent, but nothing can be said about it.[28] The New York Central owns ninety per cent of it.

"In 1913 I tackled the Big Four (C., C., C., & St. L.). I returned and told Mr. Vanderbilt[29] that he had only two options, either throw the thing over to a sheriff's sale or stand back of it and put $25,000,000 more into it. He asked what I would advise. I said, 'The Vanderbilts never yet defaulted; I would put in the money.'

"I bought $7,000,000 of equipment on equipment notes, car trusts, etc., and made the New York Central and other lines carry the Big Four for $10,000,000 more. In other words, they collected our money and took their time about turning it over to us. We let them owe us for car demurrage, etc. Big Four is now paying four per cent and is earning more than twice that. It is a great property. The New York Central owns fifty-six per cent of it and has made an offer to exchange with New York Central on the basis of eight-five New York Central for 100 Big Four.

"I figure on the New York Central system to put in money where I can see twenty per cent earnings.

"I am interested in this Mack Truck business on the railroads, but I don't see much in it yet. There isn't weight enough

[27] Formerly chairman Equitable Trust Co. Born, Hannibal, Mo,. 1858.

[28] M. C. is now paying 100% in dividends; the secret is out.

[29] William Kissam Vanderbilt (1849-1920); then vice-president New York Central lines.

in the cars to make the signals respond. It may be advantageous later to throw over these branch lines to private operation and have other people operate them on motor cars.

"I came out better than Atterbury on Pennsylvania in dealing with the railroad shop men. My piece work is on the basis of ten per cent above 1917 wages, which is much under Pennsylvania.

"We are going to make money out of that Chicago Junction Railroad. They have built there a city within a city a quarter of a mile from the central population of Chicago. Old Man Fitzgerald did the business and F. H. Prince [30] and Armour supplied the capital. 440,000 car loads of freight every year are supplied by the Chicago Junction yards."

S. S. *Olympic, February 16, 1923.* F. H. Prince says:

"I have owned forty-six railroads and built four. There are five lines from Omaha to Chicago. On the pro rata with the Union Pacific they should get twenty-two per cent, but the Union Pacific only gives them fourteen per cent. Every railroad between Chicago and Omaha is busted because it does not get proper division. That is what is busting the Boston & Maine and the New Haven.

"The railroads were left by the government in good condition. For the first time they had money to spend and they spent it and improved their position.

"I made $1,500,000 out of selling Pere Marquette at 112 to J. P. M.

"Morgan put the Pere Marquette into C., H. & D.[31] When that busted I went to Perkins [32] and arranged to take the Pere Marquette out of receivership, buying $5,000,000 of the six per cent bonds.

"The last reorganization of the Pere Marquette was quite unnecessary. It was earning dividends on the common stock when it was reorganized on the basis of the first mortgage bonds."

About January 3, 1923. S. Davies Warfield [33] tells me:

"The case of the railroads is getting stronger every day, but

[30] Boston banker and railroad man. Born, Winchester, Mass., 1859.

[31] Cincinnati, Hamilton & Dayton Ry.

[32] George W. Perkins, member J. P. Morgan & Co., 1901-10. Born, Chicago, 1862; died, 1920.

[33] Chairman Seaboard Air Line R. R.; first president National Ass'n Owners of R. R. Securities. Born, Baltimore Co., Md.; died, 1927.

getting worse in politics and at Washington. The farmers could not get cars and Harding [34] has been ill-advised by Hoover [35]—the most dangerous man in the Cabinet. Hoover knows something about everything, but nothing fully.

"Association of Railroad Executives is going to pieces.

"Railroads and steamships should be united as in the C.P.R.[36] Mellen's consolidation for New England was right. He wanted to trade en masse with the rest of the country with steamships and Canada."

Rome, March 23, 1923.

Talked with Alba B. Johnson [37] who says he resigned as president and director of the Baldwin Locomotive Company and sold all his stock because he did not believe in the financial policy of Vauclain [38] who loaned Mexico $800,000 to get a contract and also loaned to the Argentine Republic to get $5,000,000 locomotive contracts.

Vauclain went to Chicago three years ago with a carload of politicians looking for the presidential nomination.

New York, September 4, 1924.

Breakfasted at 8:30 A.M. at the Commodore with Guy Currier [39] and O. P. and M. J. Van Sweringen.[40] Received confidential plans which had been tentatively agreed to before Smith's [41] death for an arrangement between the four trunk line systems under which B. & O. was to get Jersey Central and Reading, but giving Pennsylvania and New York Central the terminal and other facilities over it they desire. Mr. Rea [42] of the Pennsylvania originally desired neutralization of the Reading and Jersey Central system, but Willard demanded Reading

[34] Warren Gamaliel Harding, 29th President of the U. S. Born, Corsica, Ohio, 1865; died, Aug. 2, 1923.

[35] Herbert Clark Hoover, 31st President of the U. S. Born, West Branch, Iowa, 1874.

[36] Canadian Pacific Railway.

[37] President Baldwin Locomotive Works, 1911-19. Born, Pittsburgh, 1858.

[38] Samuel M. Vauclain, successor to Johnson at Baldwin. Born, Philadelphia, 1856.

[39] Boston lawyer and capitalist. Died, 1930.

[40] O. P. and M. J. Van Sweringen, brothers, real estate operators of Cleveland, O., who have become railway leaders through their mergers of Nickel Plate, C. & O., etc. Born, Wooster, O., 1879, and 1881, respectively.

[41] A. H. Smith, president N. Y. Central, died suddenly from a fall while riding in Central Park, March, 1924.

[42] Samuel Rea, president Pennsylvania R. R., 1913-25. Born, Hollidaysburg, Pa., 1855.

for the B. & O. Lehigh Valley will probably go to New York Central, which will also get its short cut-offs to the coal fields. Rea of the Pennsylvania wanted New York Central to give up Boston & Albany. That and the New England field still remain in abeyance.

Albany, N. Y., November 20, 1924.

George F. Baker, First National Bank, New York, tells me that the disposition of New York Central earnings presents a problem for the directors. He said, "Steel has a book value of $300 a share." He thinks Charlie Schwab a very bright fellow.

Albany, N. Y., November 20, 1924. Robert J. Cary, of Glennon, Cary, Walker and Howe, counsel for the New York Central lines, said:

"F. H. Prince sold the Chicago Junction Road to President Alfred H. Smith of New York Central for $32,000,000 and Prince has now an income therefrom of $2,000,000 a year, plus $1,600,000 from his Chicago stockyards; a total of $3,600,000.

"The Chicago Junction Railroad costs the New York Central $2,000,000 a year and is earning so much that the directors don't know what to do with the money. The directors of the New York Central were against Smith in this purchase.

"The Supreme Court in the Chicago Junction case declared that the intent of the law was to interest every railroad in the extensions of its rivals, and, therefore, sent back the Chicago Junction case for a rehearing, upsetting all previous decisions and making a new socialistic law in the United States.

"The old phrase 'the purpose of government is to protect property' in a broad sense covers every function of government."

Both Stotesbury [43] and A. T. Dice,[44] president of the Reading, declared Reading had no troubles except as to how some people were going to divide it up.

Returning home I spent an hour with President Alfred [45] of the Pere Marquette who said he had to keep his hand on every detail of that road every minute or the organization would go to pieces.

[43] Edward T. Stotesbury, partner J. P. Morgan & Co., head of Drexel & Co. Born, Philadelphia, 1849.

[44] With Philadelphia & Reading Ry. since 1897. Born, Scotland, Pa., 1862.

[45] Frank H. Alfred, president Pere Marquette Ry. since 1912. Born, Logan, Ohio, 1866.

Spent a little time with President Willard [46] of the Baltimore & Ohio. He said, "The problem in consolidation is to annex Jersey Central, which has short lines and big terminals with the B. & O. which has long lines but needs the terminals.

"The Pennsylvania doesn't need anything of Reading or Jersey Central, but doesn't want to allow its competitors to build up too big. The transportation act means nothing unless B. & O. pays a return that will put its stock to par."

New York, November 22, 1924. Nathan L. Amster said:

"The $75,000,000 Rock Island common is the old stock on which $75,000,000 bonds, $75,000,000 preferred stock, and $75,000,000 common were issued by the Rock Island Holding Company, now wiped out and eliminated. These Rock Island shares represent what were once so-called bonds.

"Charlie Hayden [47] told me two hours before the change of control in Pere Marquette had been announced that he had just seen the transfer books that there was no indication of any change in ownership.

"DeForest,[48] Kuhn, Loeb & Co. and the Phelps Dodge people are the factors in Southern Pacific.

"I think Boston & Maine has now turned the corner and is cheaper than New Haven. Boston & Maine has a valuation of $250 and under the new rates giving the Boston & Maine $3,000,000 more, one class of its preferred is going to be worth par."

SHIPS

New York, August 27, 1920. W. Averill Harriman said:

"I have just returned from a six month's trip to the Philippines. The fertility of these islands is astounding. No richer lands exist on the globe. In the southern islands we put on board the yacht pineapples of delicious flavor weighing eighteen pounds each and they lasted us for many days.

"Out of 120,000 square miles only twelve per cent is under cultivation. The forests supply a wonderful variety of wood of the greatest value if it could be had in our cities.

"The development of the Philippines is retarded by our

[46] Daniel Willard, with B. & O. since 1899. Born, Hartland, Vt., 1861.
[47] Charles Hayden, senior partner Hayden, Stone & Co., Boston. Born, Boston, 1870.
[48] DeForest Bros. Henry W. DeForest is vice-president of Southern Pacific. Born, N. Y., 1855.

government, its mismanagement, and three lines in the Democratic platform which declare for handing back the islands to the Filipinos. The present government is undoing the work of Governor-General Forbes.[49] The roads are going back to decay and capital cannot be invited in with any promise of security.

"I asked one hundred sixty-seven people what they thought of independence and only three of them wanted it. The intelligent knew it was the ruin of the islands.

"The English are doing business in the Orient every minute, are supported by their government and by English finance. But our government is destroying American business and business communication. The cable across the Pacific works only intermittently as it is repaired. The result is the American merchants have to cable by way of Hong Kong and England; of course their business is known to their English rivals. We cannot do business very long on that basis. When I inquired why the American cable was not fixed properly, I was told we had not the gutta percha. After the war our government sold to England the stock of gutta percha on hand."

En route to New York, March 16, 1924. Lester Monks[50] on the train said:

"I organized W. A. Harriman & Company. I am not out with Harriman. Harriman found an opportunity to take in Walker and expand his banking line when the Guaranty Trust Company had bitten off more than it could chew. Harriman is now abroad. He is about thirty-three years of age and one of the ablest men in this country.

"We made big money in the war in shipbuilding. Harriman is ahead on the entire shipping game. He is a money maker and not a money loser.

"I am still in the shipping business, as have been some members of my family for nearly 300 years, beginning in 1633.

"It is proverbial in the shipping world that there are eight poor years and three good ones. Eight years uses up the ships and three years renews them.

"The $5,000,000 due from China to the Pacific Development Company is now hocked with J. P. Morgan & Company.

[49] W. Cameron Forbes. Governor-General Philippines, 1909-13. Member Haitian Commission. Appointed Ambassador to Japan, 1930. Born, Milton, Mass., 1870.

[50] Chairman Monks, Goodwin & Shaw. Director Shipping companies. (1876-1927.)

If the loan should be paid there might be an equity for the Pacific Development Company.

"Kidder, Peabody & Company put $500,000 into the Pacific Development and Goldman & Sachs put in one third of all the money.

"I looked over the world during the war to see where investment could be made farthest away from Germany and the European debacle. Looking right through the world I selected China as farthest away from Europe and offering greatest opportunity for development and put my money into the Pacific Development Company. Now China is the worst spot in the world and going like Russia.

"I don't believe that in hides, sugar, or any other merchandising you can go out of business when prices are high and thereby avoid losses.

"I think Bobby Atkins [51] and Dick Hoyt [52] ought to be as good guessers on sugar and markets as anybody and yet I know that in 1920 they took 2,000 pounds of raw sugar in Cuba and shipped it to New York in a passenger stateroom determined that their children should have sugar. They looked forward to the time in that sugar debacle when sugar could not be purchased with money."

New York, November 3, 1927. W. H. Starbuck,[53] later an associate of F. H. Prince, told him this story of his rise, which Prince later told me.

"I was with Henry Villard [54] on the Northwest Pacific," said Starbuck, "and looked into the shipping upon the Columbia River. Just to make investigation and post ourselves, we wandered into a bank and made inquiry concerning these Columbia River ships, and unexpectedly found that they were earning handsomely, but could be bought for $3,000,000.

[51] Robert Atkins of E. Atkins & Co., sugar importers.

[52] Richard Hoyt of Hayden, Stone & Co., 1st vice-president Agwi. Director Punta Allegre Sugar Co.

[53] W. H. Starbuck was president of the Housatonic Ry. from 1887 to 1892, when that road became part of the N. Y., N. H. & H. R. R. As president of the Oregon Improvement Co., with offices in N. Y., he headed a group of transportation companies—Columbia and Puget Sound, Olympia & Chehalis Valley, Pacific Coast Ry., etc. Died, 1896. Some doubt is cast upon some details of this story by Oswald Garrison Villard, who says his father certainly never made a million out of the ship purchase, even if he was associated in it with Starbuck, which he doubts.

[54] Pioneer railroad man of the Northwest (1835-1900). In his youth a journalist. Bought N. Y. *Evening Post*. Father of Oswald Garrison Villard, editor of the *Nation*. Born, Bavaria.

"I said: 'Villard, take a pencil and paper and make an inventory of every dollar you can raise by mortgaging your furniture and borrowing of your friends; and I will do the same.' In the morning I found that we could together raise about $30,000, so I promptly went down to the bank, gave a check for $30,000 and agreed to pay the balance of the $3,000,000 in sixty days. Then we took the train for New York to get ahead of the check and we managed to scrape up $30,000 to meet that.

"Then we made a mortgage of $5,000,000 on these ships and proceeded to sell the bonds. We got Roach,[55] the shipbuilder of Philadelphia, to take $1,000,000 bonds on a contract to build some new ships, and otherwise we disposed of $2,000,000 in bonds. Then we were up against it, but I went boldly into Mr. Morgan and asked him to explain to me how people borrowed money on exchange. He said it was very simple, and the result was that I borrowed $1,000,000 from Morgan on foreign exchange, pledging $1,500,000 of these bonds.

"Then the boom came on and soon Villard and I were rolling in wealth. I said: 'Villard, don't forget how short a time back it was that we were struggling to raise $30,000. Now we have fortunes, and I propose to cash in'—and I did."

This, Prince said, was the beginning of the transformed Oregon Transcontinental, from which the North American Company is descended.

From the O. R. & N. came the Oregon Transcontinental and the control of Northern Pacific, the golden spike, etc. Northern Pacific has made more history than any other railroad in this country—the Jay Cooke panic of '73, the Villard rise and fall, a large part of the James J. Hill railroad empire of the Northwest, and the famous Northern Pacific corner, when Harriman fought for its control that he might get in on the Chicago, Burlington & Quincy.

[55] John Roach (1813-1887). Yards at Chester, Pa. Born, Ireland.

Chapter Eight

IN FOREIGN CAPITALS

It was in 1921 that C. W. B. went abroad determined to contribute his mite to the war settlement by promoting the acceptance of German tax-free bonds on reparations account. The interviews on that subject will be found chiefly in Chapter XVI; but that effort forms the background for this chapter, and this record of the lighter side of the journey should be read as against that background of unselfish toil and strain.

The interviews reveal C. W. B.'s ever widening contacts in foreign capitals.

Paris, April 23, 1921. Finaly,[1] managing director of the *Banque de Paris et des Pays Bas* said:

"We are all now engaged on the question of making Germany come down from the twenty-second story to earth. Your Mr. Harding has answered in a way we very much appreciate and left it open for Germany to make a substantial proposition.

"As to an international loan tax-free, that is a political question and I try to keep within my own sphere as a banker."

With Edward Tuck [2] called upon Sir Basil Zaharoff,[3] 52 Ave. Hoche. He is said to be the richest man in Europe and to control Vickers and Maxim's in England; to have bought ships right and sold them right.

Tuck says that at Morgan's suggestion Zaharoff organized the European pool on armor plate and multiplied the price three times, making himself great wealth.

[1] Horace Finaly, directeur gen'l de la Banque de Paris et des Pays Bas.
[2] Retired American banker living in Paris. Benefactor of Dartmouth College.
[3] See Chapter XXV. The mystery man of Europe. Born in Turkey, 1849.

Varilla says Zaharoff was thirty years ago a money changer in the corner of a sleeping-car ticket office in Paris.

I found him a charming man, although an invalid from a motor accident. He had a Russian father and Greek mother. Gave 75,000,000 francs to help the hospital work of France and backed the Venizelos movement of Greece.

Sir Basil Zaharoff said to me in greeting: "What a beautiful smile you have. Always come to my door and you will be welcome."

I looked across his pain-wracked body to the flowers massed around the courtyard by the window that from his invalid chair he might get what? A friendly greeting, a smile, and a flower. The richest man in the world could command no more.

"Don't pass me by. Always come to my door," he said, and I knew the cause of the invitation was not the international finance we talked for an hour, but merely my carefree smile.

Henry Franklin Bouillon,[4] who unsuccessfully led the fight in the Chamber of Deputies against the Peace Treaty, called upon me at 5 P.M. at the Hotel Savoy. He will present my plan to Briand and Poincare, the old and new prime ministers.

He says Tardieu [5] fooled the people and will be found out. He figured the cost of the war to the French at forty billion dollars and a forty billion dollar damage. He says:

"France has already advanced sixty billion francs to rebuild in the devastated district and has advanced this on account of the reparations that Germany promised to pay and now gets nothing. Work had to be suspended in the devastated region. Part of the work done will be lost.

"You don't need armies of mobilization now for war. Germany can sweep down upon France from airplanes; destroy Paris in a night with bombs."

London, April 29, 1921. Lord Cowdray said:

"The sooner your scheme on a non-taxable basis is put

[4] French politician active in Levant.

[5] André Tardieu, now premier of France, 1929-30.

through the better. By all means see the Chancellor. I know he will be glad to talk with you. D'Abernon [6] is here. Have him put you up against Lloyd George.

"I shouldn't be surprised if there was another general election by August. Lloyd George is beginning to get a bit threadbare in his clothes. But the banks tell me they have now to loan money to many good people to pay their income taxes.

"Before the war we had £200,000,000 for taxes and saved £400,000,000. Now our taxes are a billion pounds, which is of course inflation. On any basis we are probably as a country going into debt for our taxes. But on a solid basis I think we are only earning the same £600,000,000 as before the war and that our deficit is £400,000,000. I should not be surprised to find that we are only earning sixty per cent of our taxes. Of course that cannot continue. We will come around all right."

London, April 29, 1921.

At the Reform Club I dined with Lord Cowdray. After dinner talked until 11:10, being joined at the latter part in the smoking room by J. A. Spender, the editor of the *Westminster Gazette*, which Cowdray says is next to the Manchester *Guardian*, the solid, straightforward, liberal paper of England.

Spender [7] said: "The French propose to take the Ruhr Valley, take out its 90,000,000 tons of coal per annum, sell it, and get the whole profits. For working expenses they propose to tax the inhabitants of the occupied territory who will have to pay not only for the mining of the coal, but for the occupation of the country.

"What will the French do with that coal? Of course, they will dump it in the markets of the world and destroy the English coal market."

I showed Cowdray a statement in Friday's Paris *Herald* where Schwab had declared in New York, "Germany today can put a ton of steel into England $20 cheaper than it costs England to make it." Cowdray said that was certainly correct.

London, April 29, 1921.

Saw Basil Blackett [8] at the British Treasury. He says: "We

[6] John D'Abernon, British ambassador to Germany. First Viscount.

[7] John Alfred Spender, author, among other books, etc., of *Foundations of British Policy;* headed mission to Egypt. Born, 1862.

[8] Member Anglo-French Financial Mission to U. S. Born, 1882.

are willing to pay to the United States and expect to pay. Tax-free bonds won't go here. The whole subject has been discussed and has been turned down several times. It amounts to our paying from the British treasury the German debt on reparations."

London, April 30, 1921. Blackett said:

"The United States began pressing us last year through Davis to issue bonds in place of our demand loans, which they now have at Washington."

Walked with Bonbright [9] to his office, viewing the Sullivan monument at the Thames embankment. Said he:

"£700,000,000 in drafts were guaranteed by the government. Lloyd George by guaranteeing every British bill saved the country. Two strokes of his pen saved the credit of London."

London, May 1, 1921. Lovat Fraser [10] said:

"Leverhulme is being talked about. He has 158 companies selling for about £150,000,000.

"D'Abernon fixed up Egypt. He was financial adviser there at twenty-five years of age. Then he reorganized the Ottoman Bank in Constantinople. He was born in 1857 and will be sixty-five years old this summer. He was financial adviser to the Egyptian government from 1883 to 1887."

London, May 1, 1921.

With Lord Leverhulme at noon. He says, "Yes, I have 158 companies with £47,000,000."

A shipbroker tells me: "I knew John Ellerman [11] twenty-five years ago when he was a bookkeeper. He is now the richest man in England, worth at least £40,000,000 now, £35,000,000 before the war. He is one of the finest accountants in the world. Any steamship company in trouble goes to him and he soon owns it. He is the real banking power back of shipping."

[9] William Prescott Bonbright, banker; founder W. P. Bonbright & Co. Born, Philadelphia, 1859.

[10] Lovat Fraser (1871-1926). Journalist; editorial staff London *Times*, 1907-22.

[11] Sir John Reeves Ellerman, Bart. Born, 1862.

May 2, 1921.

Dined with Leverhulme at the Hill, Hempstead Heath, and again admired his pictures, including Farquharson's famous sheep painting.

Leverhulme retires at 9:15 and rises at 4:30 every morning; takes a cup of tea which he makes himself in his room. Then he works arranging his papers without a secretary. He is seventy years of age.

One of his directors dining with us told me he paid £8,000,000 for the Niger concession in Africa which covers a territory bigger than Europe, and has been in operation for many years.

London, May 3, 1921.

At Lloyd's Bank for luncheon with Bonbright and Henry Bell.[12]

Bell says: "I will take bonds from Germany on such a basis that they need not pay any interest for three years, and tell Germans to go about their business. Any banker can name the amount of these bonds as well as any experts footing up columns of figures.

"I was one of the financial experts at the Brussels Conference and made the British treasury notes when the war broke out. After I had made the plan for it, Sir Edward Holden [13] suggested it, which made me laugh."

Saw Sir Guy Granet at 2:30 at Higginson's Company. He says: "Basil Blackett is the advisor of the British treasury. He has no vision, but is brilliant in making papers. You must not underrate his ability."

At 3 P.M. with Basil Blackett before he passed into the Allied Conference with a bundle of papers in his hand. He said: "There is a solution here. If we take bonds from Germany it is nobody's business at what price we sell them.

"Your tax-free bond is absolutely impossible."

I said: "Don't make the mistake Wilson did, or you will repent it. The capital of the world is exhausted."

[12] Henry Bell, director Lloyd's Bank, represented Gt. Brit. at Int. Financial Conferences.

[13] Chairman London Joint City & Midland Bank.

Chapter Nine

MEN OF METTLE AND METALS

Iron, Steel, and Copper

As an offset to Judge Gary's story of the acquiring of Tennessee Coal & Iron by the United States Steel Corporation during 1907, read George Kessler's account of the same transaction at the start of Chapter XXIV. The Gary account may be considered the official version, while Kessler's is an inside one.

Schwab's story of his rise distills the very essence of American life, which is opportunity.

Those who are interested in the interaction between fashion and need, will note that the decline of the corset began when the government, through Mr. Replogle, acting on the advice of Alice Roosevelt Longworth, refused to allocate steel for stays.

C. W. B. was in the thick of every battle in Boston copper circles down to 1915, though the preliminaries were usually in the hands of his capable assistants, H. M. Cole and W. F. Bartholomew, both of whom appear in the text later. Notes of the gay nineties, discovered too late to be incorporated in this volume, give intimate details of the Calumet & Hecla merger and the Montana copper war in which Clark, Daly and Augustus Heinze participated. Copper bulks large in Boston's financial life, but appears less often in these notes than might be expected, probably because C. W. B. spent much of his time in New York after Mrs. Barron's death in 1918, and there met another set of primary interests.

IRON AND STEEL

Boston, July 25, 1922. Judge Gary said:

"The whole matter of the Tennessee Coal and Iron Company and its purchase by the U. S. Steel Corporation is a matter of record in detail.

"I told Morgan the stock was not worth more than $50, that it had been offered to us before, and we could not consider it at the market quotation.

"But Morgan wanted to help the situation. Frick [1] and I spent Saturday afternoon and evening with him at his library where I explained to him that it would not help the situation if the President of the United States (Roosevelt) came out and started proceedings against the U. S. Steel Corporation as attempting a monopoly by the purchase of the Tennessee Coal & Iron Company.

"Morgan said he did not see how the President had anything to do with a business proposition. But it was finally arranged that Frick and I should go to Washington and get the President's permission.

"We were at the White House at nine o'clock. Secretary Loeb [2] told us the President never saw anybody until the President had finished his morning mail. I said, 'Please tell the President that we are here on most important, urgent business.' He came right out of breakfast, listened and said while he was President we would not be troubled.

"I telephoned Morgan at 9:45; he was holding the telephone for me. Announcement was made and matters began immediately to improve.[3]

"The fact was Moore & Schley [4] were carrying the Tennessee Coal & Iron Company for a pool. The United States Trust Company had the loan and it must have the money. We bought the stock for our bonds.

"We have spent $18,000,000 on the Tennessee Coal & Iron Company and made it a paying proposition."

Aboard S. S. Olympic, eastbound, February 10-14, 1923. Charles M. Schwab said:

"This is the damndest thing I ever knew or heard of. At seventeen I lived at Loretto and had never worn a suit of clothes that was not made by my mother. As I swung around on the railroad curve I saw the great Edgar Thomson Steel Works for the first time in my life. It was the biggest thing I had ever seen, employing 10,000 men. Yet in seven years, or at the age of twenty-four, I was president of the Edgar Thomson Steel Works and a few years later had built the Homestead plant.

[1] Henry Clay Frick, steel magnate. Born, Overton, Pa., 1849; died, 1927.

[2] William Loeb, secretary to President Roosevelt, collector port of N. Y. Born, Albany, 1866.

[3] See Chapter XXV, Section I, for another version of this deal.

[4] Members of the New York Stock Exchange.

"Carnegie [5] never came near the works, but I love to visit them and deal with them. For years I have had a standing offer of a gold watch suitably inscribed for any superintendent that will make such a record that I cannot show him where to save anything more.

"I was recently stumped by a superintendent who invited me in for that gold watch. His place was perfectly organized, twelve men at work with twelve lathes, one working the crane overhead and he superintending the shop and everything in order. It looked like a tough proposition for me and I had to think quick. I said: 'Did you ever run a lathe? Could you run one now?' He said, 'Yes, and a damn sight better than any one here.' I said, 'What do you get?' He said, '$300 a month.' I said, 'If I induce Mr. Grace [6] to raise you $100 a month could you be superintendent and run a lathe also?' He said, 'Of course.' I said, 'There I have you.' My watch was saved and he is now running that lathe. I always drive by encouraging words of cheer and commendation. If I go through a plant and haven't a word of approval for the superintendent he knows something is wrong and I don't have to say anything."

I said, "What do you do with that superintendent—don't you reason with him?"

Schwab said, "No, we get rid of him."

I said: "I don't; I believe in shaking that man up, giving him a jolt and a new start. Every man, of course, must work by his own policy. The men who love me the most I sometimes think are the men to whom I have given the biggest shake-up."

Schwab replied, "For twenty-two years I never spoke a harsh word to anybody in the entire organization of the Carnegie Steel Works."

Schwab said: "My feeling is that the average working man is a better man than the rest of us. He is a good, loyal citizen and family man. During the war it made me hot to hear hired speakers address working men and urge them to be patriotic. The working men knew they were just as patriotic—if not more so—than that speaker. They only want to be led and shown how. You can't express yourself to working men and

[5] Andrew Carnegie (1835-1919). Steel magnate, library donor. Born, Dumferline, Scotland.

[6] Eugene G. Grace, president Bethlehem Steel Corp. Born, Goshen, N. Y., 1876.

get the best out of them unless you feel in your heart the sympathy for them you express.

"We find no difference among our workmen before or after Prohibition. The great test is the number of men who turn up to work Monday morning and there is no change as compared with before Prohibition.

"I study my cost sheets thoroughly. It is wonderful how by mental association you can develop so as to memorize columns of figures. In one hour I can memorize all my monthly cost sheets. It is something to be able to say to a man, 'Jim, your bricks cost you $8 last month.' He never forgets it.

"I believe in stimulating men by competition. One of our best furnace men was never able to get his heats above fifteen when I knew there was a possibility of thirty, so I arranged with him without disturbing his organization that I would take a hand in it. With a piece of chalk I marked '15' on the floor in big figures, the number of heat turns that day. When the men returned they asked what it meant and were informed that the big boss had been down there and chalked up '15' on the floor. When I came around the next day the men had crossed out that '15' and chalked up '16' and they continued chalking it up until I had to stop them for they would have wrecked the plant. They were turning out more than thirty heats.

"I built the new Thomson Works. Twenty-five years later the old employees gave me a dinner there and of 10,000 there were only eight hundred left. Of the eight hundred with whom I shook hands I called by name more than five hundred.

"In my younger days—I am now sixty-one—I have worked one hundred hours on a single stretch. At the time of the Homestead strike and riots I never left the works from the 6th of July until Christmas. A blanket on the floor was often my bed. Since that day I have never had labor unions in any of my concerns. We make our own labor unions. We organize our labor into units of 300 and then the representatives of these 300 meet together every week. Then every fortnight they meet with the head men. Although we are only twenty or thirty and they three hundred representatives, all elected as representing groups of three hundred behind them, we never allow dictation. We discuss matters, but we never vote. I will not permit myself to be in the position of having the labor dictate to the management. But the remarkable thing is that in all the

sifting of complaints through such an organization and in all the adjustment of differences and grievances, we find that in seventy per cent of the cases the workmen are right.

"I pay my executives nominal salaries and give them an interest in the profits. I tried to dispose of the Union Iron Works of San Francisco first at $1,500,000 and then offered it to Harriman for $1,000,000, but nobody would take it. Then I determined to make good on it myself and went out there and selected a Scotch bookkeeper and put him in charge and gave him an interest in the profit. Since I offered it to Harriman I have made $52,000,000 in that plant and the people who had an interest with me have grown rich.

"I took Arnold Jackson [7] from the Bethlehem Boston office and put him in charge of the Pneumatic Tool Company giving him a living salary of a few thousand dollars and five per cent of the profits, which meant later on $2,000,000 a net of $100,000 to him. He has made good.

"I own sixty per cent of the Pneumatic Tool Company. It is in some respects a difficult proposition. The valves have to work without packing of any kind and that means working our steel to one ten-thousandth part of an inch. When I showed a friend over the plant to whom I had recommended that in his factory he paint the corners white so that there would not be any dirt there and men would not spit tobacco juice there, he said to me, 'Why do you have these white lines on the floor?' I said, 'Every man works his machine in a space marked off by these white lines and it is his business to keep the space within his lines clean.' We haven't in the whole establishment any man to clean up. Every man keeps his own space clean.

"All the important men in the Bethlehem Steel Works have small salaries, but draw big profits when they make them."

Schwab said: "I never allow any of my relations to work or be connected with any of my organizations in any capacity. I believe it is injurious to themselves as well as to the organization. I wouldn't even have my own brother associated in any of my enterprises.

"Neither do I ever go outside of any of my organizations for men to fill a vacancy, but take them right from the inside. People often ask me, 'How do you know which men to promote?' I tell them: 'I don't have to know; their associates pick

[7] H. A. Jackson, president Chicago Pneumatic Tool Co.

them.' A worker always creates a distinct atmosphere in his department and stands out from the others and his associates will class him as such."

Apropos of Schwab's power as a salesman

E. V. R. Thayer says: "I think the most remarkable recent case of Mr. Schwab's sales ability was the Stutz bonds. We sold those to a Philadelphia banking house and they could not do anything with them. They telephoned and wanted to pay $50,000 to cancel the contract. I told them to summon their salesmen and let Mr. Schwab talk to them. We went down there and met forty of their forty-eight salesmen. Schwab told them how much better these bonds were and how much easier they would sell than the Bethlehem bonds they had once sold for him. When he was through talking they went out and sold the whole lot in an hour."

Schwab had this to say on the same subject: "The toughest case I ever had was in a coal mining area where Bethlehem owned both sides and a Dutchman owned the middle. It was necessary for us to connect under ground. Many of my men tried to reach that Dutchman and get a price on his land, but he would say nothing. Then I took hold with Grace and Johnston. We wrestled with him by the hour, but he would say nothing. Finally I said, 'Grace and Johnston [8] you clear out and leave it to me.' I sat there and told him stories and talked with him and then he straightened up and said with his thumbs running up and down between his waistcoat and his arm pits: 'Mr. Schwab, you get the coal, but I am damn glad I am not a woman.'

"When I needed some money I went to Harvey Fisk,[9] explained the situation and arranged to sell the bonds through him. Then he said, 'Now just as a matter of record, form, and that we may know the facts clearly, what you have said to me you put down on paper and send it over.' I did. Then the telephone rang and he said, 'Schwab, that isn't what you told me at all.' So I went right over and showed him point by point

[8] Archibald Johnston, then vice-president, later director of Bethlehem Steel. Former Mayor of Bethlehem, Pa.

[9] Secretary and Treasurer Harvey Fisk & Sons.

that that was exactly what I told him. He said: 'It doesn't sound the same. I think I shall have to have you say it all over again in a phonograph and then I can sell those bonds.' "

"My experience teaches me that men fail by going outside their lines or by lack of attention to detail. Mark my words, I have known Henry Ford for years and I am a good friend of his, but every outside enterprise he goes into will be a failure. His success is in the Ford car which he knows in every detail. His railroad is a failure, his Muscle Shoals will be a failure, and he admits that his pig iron is now costing him more than if he bought it.

"George Westinghouse [10] lived and slept with the airbrake, but when it came to other things he could not give them his attention in detail. Had he devoted himself the same way to the Westinghouse Electric he would have made the same success, but a man cannot follow the details of many things."

Schwab said: "When Carnegie put me in charge he said, 'You can make as many mistakes as you like, but don't make the same one twice.' Carnegie never wanted to know the profits. He always wanted to know the cost.

"One day Morgan asked me to dine with him and I excused myself by saying that it was Carnegie's birthday and I must dine with him. He said, 'How old?' I said, 'Mr. Carnegie is sixty-two today.' Morgan said, 'I am sixty-one and he must be much older.' I said, 'Mr. Morgan, I have been trying to find out for some time how to get together two important men and now that you are the younger, suppose you call on Mr. Carnegie.' I took him up there to call. Out of that contact came United States Steel."

Discussing old times, Schwab said: "At the dinner where I first met Mr. Morgan I outlined what ought to be the future of steel in the United States. Morgan was so impressed that through John W. Gates he asked me to come and see him. As Carnegie and Morgan had not spoken for twenty years, I declined. Said Gates, 'If you should run into Morgan accidently, would you talk with him?' I said, 'I would be delighted.' Gates had Mr. Morgan at a Philadelphia hotel and I met him. Then we returned to New York and talked all night. I went to Carnegie and got the same option that Frick had had—$320,000,-

[10] Electrical inventor and manufacturer, 1846-1914. Born, Central Bridge, N. Y.

000 plus the additional money put in since the Frick option. You know the rest. When it came to make up the board Morgan said it was necessary in the public eye to have Frick on the board. I said, 'Count me out.' He said, 'Will it be all right if Frick doesn't attend the meetings?' And while I was president of the United States Steel Corporation Frick never attended a meeting.

"Although Frick enforced literally the Carnegie contract against four of his associates he could not understand when Carnegie enforced it against him.

"In the Steel Corporation I had to fight the directors all the time until one day I said at the Board meeting, 'I believe I am the only man on this board who has not something to sell to the Steel Corporation.' Even Marshall Field [11] complained to Morgan that I was rude to him because I would not listen to plans for a steel plant in Chicago. I said, 'Never while I am president; it isn't the place for one.' But Field wanted to build up Chicago. Morgan bought for the Steel Corporation the Rensselaer Coal & Iron Co. from H. H. Rogers [12] for $15,000,000. I sat down on it and the trade never went through while I was president. Afterward it did. I determined to retire from the Steel Corporation and bought Bethlehem Steel Company, but Morgan induced me to remain and took the Bethlehem Steel Company off my hands and held it for nearly two years as his individual investment.

"The story that Morgan cabled me at Monte Carlo, 'Stop gambling,' is without foundation. No such communication directly or indirectly ever passed between Morgan and myself. In fact, J. P. M. has been with me himself at Monte Carlo."

In the evening played Bridge, five cents an actual point, with Schwab, Pillsbury [13] of Minneapolis, and F. H. Prince. Schwab took $30 from me and Prince $62 from Pillsbury. I redeemed myself when I doubled Schwab and made 300 above the line. I said, "Schwab, you play a very direct, simple, straightforward game." He said: "You are dead right. I don't

[11] Chicago merchant prince (1835-1906), founder Marshall Field & Co.

[12] Henry H. Rogers. One of the original Standard Oil partners (1840-1909). Later active in Montana copper and the Virginian Railway.

[13] Probably Alfred F. Pillsbury of the Pillsbury Flour Mills Co. Born, 1869, at Minneapolis.

believe in any funny business. Even Count Bernstorff told me he doubted the wisdom of a finesse."

Cohasset, September 4, 1926. With Gov. W. P. G. Harding [14] of the Federal Reserve Bank at the Scituate Horse Show. He said:

"H. C. Frick, who was a great believer in Birmingham, Alabama, told me in 1919 that in 1940 Birmingham would be larger than Pittsburgh. The Avondale Mills have the largest plant in Alabama at Birmingham. The Avondale Mills are as big as the Amoskeag. The stock sells at $1,000 a share and pays $90 a year.

"Judge Gary of the Steel Corporation wanted to build wire mills in Birmingham and have a town built up around it, the town to be run by private enterprise. I rounded up local capital. We bought the land and proceeded to sell lots. Just as the wire mill was being finished orders came to suspend operations. Gary would offer no explanation, and we were all up a tree. This was in 1913.

"I went to Gary and he said that if I could get the government at Washington, or Attorney General McReynolds,[15] to say that the finishing of those mills would not prejudice the case of the Steel Corporation in its defense against the government trust proceedings, he would resume construction.

"I went to other steel companies and asked them, as chairman of the chamber of Commerce at Birmingham, to build a wire mill, and they all responded by letter that they could not afford to, with the Steel Corporation holding there an unfinished wire mill.

"This was, of course, what I wanted. With these letters I went to McReynolds and told what Judge Gary said, and he replied, 'If they don't build that mill it will prejudice their case a damn sight more.' "

Palm Beach, Fla., March 28, 1927.

Talked for over two hours in the lobby with J. L. Replogle.[16] He said: "I expect the President will exercise his right and add fifty per cent soon to the pig iron duty. The people of India as

[14] Federal Reserve Board, 1914-22. Governor Federal Reserve Bank of Boston since Jan. 1, 1923. Born, Greene Co., Ala., 1864; died, 1930.

[15] James C. McReynolds, Associate Justice of the Supreme Court since 1914. Born, Elkton, Ky., 1862.

[16] Steel manufacturer; director steel supply for War Industries Board, 1918-19.

well as the Chinese can put pig iron into the country at a price with which we cannot compete.

"I am changing the Replogle name to the Warren Company. The Warren Foundry Company made money fifty-eight out of the sixty years of its entire existence. I am retiring from business under doctor's orders.

"Coleman Dupont [17] is, I think, worth $100,000,000. He had 400,000 shares of General Motors; is probably the largest individual stockholder.

"One of the most amusing incidents was the appeal of the corset manufacturers for steel which, during the war, I had cut off as not an essential industry. They showed down $42,000,000 profit per annum and the use of 28,800 tons of steel a year in the manufacture of women's corsets or enough to build two battleships. I telephoned Alice Roosevelt [18] and she said steel corsets were not an essential industry. I cut them out."

COPPER

New York, January 20, 1919. W. F. Bartholomew [19] said:

"The proposed curtailment is to be forty per cent in copper output but the companies are up against this situation. The Anaconda produced 22,000,000 pounds a month, reduced its labor, kicking out poor men by about twenty per cent, expecting to reduce output to 18,000,000 pounds for the month with the shutdown of two mines. But, the remaining men produced the 22,000,000 pounds just the same. Now they have shut down five mines."

S. S. Olympic, March 21, 1919. Sir Charles Henry [20] said:

"Tanganyika is now producing 60,000,000 pounds of copper per year and will gradually go up to 200,000,000 pounds. Its cost will be nine cents a pound or less."

He says there is enough surplus copper in the world to last for a year if not another pound were produced. He says this

[17] T. Coleman Dupont, U. S. Senator from Delaware. Born, Louisville, Ky., 1863.

[18] Alice Lee Roosevelt, daughter of Theodore Roosevelt, 26th President of the United States, married the Hon. Nicholas Longworth, then Congressman from Cincinnati and now Speaker of the House of Representatives, on Feb. 17, 1906, in the White House. Except for two years Mr. and Mrs. Longworth have since been part of Washington's official and social life.

[19] Associate editor Boston News Bureau. Now member Clark, Childs & Co.

[20] Sir Charles Henry, Bart., M. P., director C. S. Henry & Co., Ltd., London.

spring there will be 1,200,000,000 pounds of surplus copper in store without regard to smelter and furnace stocks and practically nothing has been sold in the copper line since the Armistice.

Every one of the four leading Allies has practically in stock 80,000 tons of copper or 600,000,000 pounds in all.

North Conway, October 7, 1921. W. F. Bartholomew said:

"Hyams [21] has $10,000,000 securities in the Lewisohn safes because it costs nothing for rent. He has made millions out of Virginia Railway.

"When the supply now in process is exhausted, the thing which happened in cotton will happen in copper—a famine for immediate delivery with the consumers scrambling and the available supplies all concentrated in a few hands."

[21] G. M. Hyams died in 1928 leaving a large fortune, mostly in trust for education and charity.

Chapter Ten

BIG-TOWN GOSSIP

C. W. B.'s return voyage from Europe, after his effort to sell the idea of German tax-free bonds to the statesmen of the Allies, was enlivened by some interesting contacts on shipboard, and his friends welcomed him home with unusual cordiality.

Here enters Ernest R. Graham of Chicago, a chief source of latter-day information on the inner workings of the second city of the land, although C. W. B. had many important older contacts with the great inland metropolis. We call the reader's attention, also, to the statement of the late Galen L. Stone of Boston on taxation, where pure patriotism and money talk the same language.

Observe that for four years C. W. B. has been making a European journey each summer. This of 1921 was especially tiring, but nevertheless he returned to Europe, for special reasons, in 1922.

S. S. Olympic westbound, May 6, 1921. Lafayette H. De Friese [1] of New York said:

"I have been abroad many times as adviser for foreign interests. I was in Hamburg with Ballin [2] and the Kaiser when they laid out a plan and sent me a $10,000 retainer to look after their legal interests in the matter—a plan for a Hamburg-American terminal just below Guayamas on the west coast of Mexico. I sent back the retainer and turned the matter over to Mr. Choate. I saw it was something too big for me to handle. The plan they contemplated was not only a terminal for the Hamburg-American but possession of a harbor with right to fortify it. The German ambassador in Mexico was notified to cancel that contract or an American fleet would be

[1] (1852-1928) Attorney, member Steele, De Friese & Steele, N. Y. Practiced in London for years. On June 1, 1921, Secretary of State Hughes announced U. S. would have nothing to do with De Friese plan.

[2] Albert Ballin, managing director Hamburg-American line. Born, 1857; died, 1918.

dispatched to the city and the contract had to be canceled. The Kaiser was in everything.

"We represent German-Americans who subscribed two billion for United States liberty bonds. Now that the war is over they are willing to devote one half of that, or one billion dollars, to the reestablishment of commercial relations with Germany. These men are Busch, Schlitz, Pabst [3]—very rich men and a lot more from all over the country. They have organized a company and subscribed $10,000,000 as working capital. My friend here from Philadelphia was sent to Germany. Contracts were negotiated with Stinnes and other leading men for millions of exports in raw materials which they would take care of and pay for. Then the French notified these people that they proposed to take over their factories on May 1st. Of course they could not carry out the American contract.

"They appealed to Simons [4] and I came over from London for a week, but stayed two weeks. We suggested to Simons that he appeal to Harding and we made the first draft."

S. S. Olympic, May 9, 1921. Sam Hill said:

"Two years ago in Tokio at the house of the minister of foreign affairs Vicomte Uchida [5] said to me there were three things they learned concerning America and the Great War. 'The way the people of the United States sprang to arms showed us that the character and spirit of the people was its strength, and not armies and navies. Second, your great wealth, so great it was impossible for us to count it upon our little buttons. Third, the solidarity of the English-speaking people.' "

S. S. Olympic, May 9, 1921.

At 9 P.M. with Madame Curie [6] in Franklin's [7] parlor. She said to Franklin: "You don't understand radium? I don't myself. It loses 4-10,000 of its power in a year." The daughter said it loses one-half its power in 2,000 years.

Madame Curie said: "After the government left Paris, I

[3] St. Louis and Milwaukee brewers.

[4] Foreign Secretary of Germany, who offered to resign when the De Friese plan, checkmated by France, failed.

[5] Japanese ambassador to U. S., 1909. Born, 1865.

[6] With her husband, Pierre Curie (1859-1906), the co-discoverer of radium. Mme. Curie was born in Warsaw, 1861. Professor at the Sorbonne. Nobel Prize, 1903, 1911.

[7] P. A. S. Franklin. President International Mercantile Co. Born, Ashland, Md., 1871.

kept the radium I was working with in Bordeaux for two years. It was hard for me to carry it there as with the lead covering it weighed nearly fifty pounds.

"Radium is taken out through sulphuric acid. It heals birthmarks; and where it cannot heal cancer, it will relieve the pain and prolong the life.

"Radium if lived with too long makes anemia by eating up the red corpuscles of the blood. The Colorado radium is not from pitchblende."

Mrs. Maloney, who is with Madame Curie and her two daughters, tells me that Madame Curie has the manuscript telling how radium was discovered and all the steps leading thereto, but has never given the facts to the public.

"Becquerel [10] was a Frenchman who discovered an unknown in pitchblende when they were experimenting with a mine in Austria to find some by-products to make it pay, a something which was named 'the Becquerel ray.' They refused to go forward with the investigation and M. Curie declared it was a something too powerful and dangerous to investigate, but Madame Curie said, and she is very poetical, 'It is the face at the window-pane.' "

Sam Hill says: "McBurney [8] cut out William Rockefeller's [9] appendix and Rockefeller paid the bill without a murmur. When at dinner later McBurney said, 'It has now been determined by doctors that the appendix ought to be cut out before people are fifteen years old.' William Rockefeller said, 'McBurney, you have a better thing than Standard Oil.' "

Highland Falls, N. Y., September 22, 1921.

Spent last evening and this forenoon with Miss Grace Bigelow, daughter of Hon. John Bigelow,[11] at the Squirrels, Highland Falls, N. Y.

[8] Charles R. McBurney, professor of Clinical Surgery, Columbia, from 1892. Perhaps the most eminent New York surgeon of his generation.

[9] William Rockefeller (1841-1922). With his brother, John D., a founder of Standard Oil. Father of Percy Rockefeller.

[10] Antoine Henri Becquerel. Awarded Nobel prize, jointly with M. and Mme. Curie, 1903. Born, Paris, 1852.

[11] (1817-1913) U. S. Consul at Paris, 1861-64; Minister to France, 1864-67, representing U. S. in difficult negotiations *in re* French occupation of Mexico. Distinguished journalist, author, and editor. See his *Retrospections of an Active Life*, 1909.

Miss Bigelow said, "Pierpont Morgan believed in his son Jack [12] and said he would make a bigger and better man than his father."

Poultney Bigelow [13] makes no money out of his books, does not care for money, is very careless, but has a pretty wife who looks after his affairs and keeps him straight. He wants but little as he lives on a farm fifty miles farther up the Hudson.

Miss Bigelow had to tell her niece's husband, Rosen, not to call her "Aunt Grace."

New York, October 19, 1921.

Rode uptown with Elisha Walker [14] of Blair & Company. He said that he had just returned two weeks ago from Germany and every banker he talked with in Berlin told him the same story. They would put the mark down so that it would be impossible to make payment to the Allies and then there would have to be readjustment under the Versailles treaty. Meanwhile their people would be prosperous and getting all the business and they would be knocking international trade out from under the other people. This all looked to Walker like foolishness, but that was the German plan. The allies he believed would make a proposal for funding for three years on some basis of payment with demand that the Germans stop the printing press and put up the value of the mark and adjust things right. That would be the end of German expansion. He said every banker told him the same story—that they were going to keep the printing presses going to defeat the Allies.

New York, November 2, 1921. Mr. Ernest R. Graham [15] said:

"When I was in New York over Sundays I used to call on Carnegie and walk around the reservoir with him. He had the smallest feet, was one of the vainest of men. At one time I said to him: 'You have got to look out for the other side. They are grafters.' This was on a South American contract. He replied: 'Oh, that is all right. I have bought that side, so we have both of them.' "

"Frick poisoned himself with hatred for Carnegie. He

[12] The present head of J. P. Morgan & Co.

[13] Distinguished correspondent, and historian. Born, N. Y. City, 1855.

[14] President Blair & Co. since 1920. Born, N. Y. City, 1879.

[15] Chicago architect. Director of works Chicago Exposition. Senior partner Graham, Anderson, Probst & White. Born, Lowell, Mich., 1868.

hated Schwab because he was with Carnegie. Frick's doctor had told him that he must never get into discussion or get angry, for with his high blood pressure his life would stop. Therefore in the last years of his life, he never attended meetings or entered into controversies.

"In this country today they are not making railroad men or bankers. Forgan [16] is the dean of the banking world. He is poor, but he has never flirted with his bank money. He and Mitchell [17] and George Reynolds [18] and Hurlbut [19] are the banking talent today.

"My ambition is, before I am sixty, to found an American Art Institute such as every European nation has called Des Beaux Arts. I don't want it called by my name, but I want to be sure of certain fundamental things: that the head of it travels over the world and has enough to live on. The bad pay of our educators is today the fundamental weakness in our institutions. They are starved and go Bolshevik.

"Blood will tell. I know when I have a good man right at the start in my office by the way he handles his lead pencil. You are right in your idea that there should be a personal service to find out how that man lives and what his associates are. One of the brightest boys in my office would have been a big man, but he died early of consumption. When I went to investigate his living conditions, it was too late. He was one of many children with bad surroundings. But he was a jewel and ought to have been saved and would have been saved if I had looked farther back to see what his home surroundings were.

"Ogden Armour gives more attention to hiring an office boy than to any other detail of his business.

"An associate of Marshall Field & Co. tells me they employ 40,000 people and there is not a university man in the whole establishment except fifth down the line. You get your men

[16] James B. Forgan (1852-1924). President First National Bank of Chicago. Born, St. Andrews, Scotland.

[17] John J. Mitchell (1853-1927). President Ill. Trust & Savings Bank. Born, Alton, Ill.

[18] George M. Reynolds. Chairman Continental & Commercial Trust & Savings Bank, Chicago. Born, Panora, Ill., 1865.

[19] Edmund D. Hurlbut, president Merchants Loan & Trust Co. of Chicago, was engaged in merging that bank with the Illinois Trust & Savings, of which merger Hurlbut was to be president and John J. Mitchell chairman. He died in 1921. He came to Chicago from Winona, Minn. An ardent Democrat, he entertained President Wilson when the latter visited Chicago in the 1916 campaign.

of the future from the office boys and the young men who come into your office.

"Wallace [20] of Central Trust and Evans,[21] the insurance man, were office boys together and they got to know everybody and their methods of work. They could dig into any proposition and get the basal value in it. Morgan wanted Wallace for his concern before he took H. P. Davison,[22] but the Central Trust kept Wallace and he had a future there.

"When people come to me and offer an interest in a stock, I wash my hands completely and say: 'Not a share. Not an interest or option.' "

Boston, December 2, 1921. Galen Stone said:

"I am glad to pay taxes which is paying for fighting Germany. Last year my losses were such that I did not have to pay any for 1920, but for 1919 I had to pay in 1920, $1,500,000 in taxes. I have a man who attends to my taxes and makes them out under the letter of the law and I pay no attention to them except to pay the money. I can't understand the state of mind of people who are fussed up over their tax bills and regret their payments.

"Whatever money I have made has been in staying with a property and not regarding fluctuations. I have made all of my children rich and have told them it was all right to go into a property as a partnership, but they must elect to stay with it and not mind the fluctuations and not speculate. I never made any money in speculation or dealing with fluctuations. I don't think money is made that way.

"John D. Rockefeller made his money by holding that twenty-four per cent Standard Oil interest. No concern lost money faster in the history of the world than the Standard Oil this summer. The S. O. people had misgauged the market and when they expected a famine in oil, there was a big slump for three months and the S. O. was a heavy loser."

Ames, Iowa, December, 1921. George Ade's [23] family said: "George does not know more than the rest of us, but he writes it down."

[20] James N. Wallace, president Central Trust prior to its amalgamation into Union Trust, which later merged into the Central Hanover. Died, Oct. 11, 1919.

[21] Henry Evans, chairman Continental Insurance. Born Houston, Texas, 1860.

[22] Henry P. Davison (1867-1922), member of J. P. Morgan & Co. Director Red Cross of America 1918. Born, Troy, N. Y.

[23] Humorist and playwright. Born, Kentland, Ind., 1866.

Battle Creek, Mich., December 11, 1921.

Patterson [24] of the National Cash Register tells me that at fifty-five years of age he fasted for thirty-seven days, taking nothing but water. He had stomach trouble and indigestion. The doctors told him he should not eat until he had an appetite. He said he would starve himself to an appetite, but he promised his doctors not to go more than forty days without food. They said that nature would strengthen him about two days before his appetite arrived and it turned out exactly as they said. On the thirty-fifth day he felt young and strong and on the thirty-seventh day his appetite had returned.

[24] John Henry Patterson (1844-1922). Founder, National Cash Register Co., Dayton, O.

Chapter Eleven

AMONG THE MOTORS

General Motors — Henry Ford

The rise of the automobile industry, one of the dazzling industrial adventures of modern times, fascinated C. W. B.; and he prodded an inquiring finger into its history whenever possible. His notes will certainly be of some value to historians of that industry, as they give with every appearance of fidelity the interactions of insiders.

In connection with the Ford interviews, three of which are given, it is in order to note the fact the first of these, as one may gather from its rather heavy atmosphere, was a mission of peace. Barron had criticized Ford's Peace Ship and questioned the wisdom of many of the manufacturer's acts and statements. However, once the olive branch had been extended and accepted, Barron pictured Ford at work in most graphic style.

For those who enjoy hearing business men discuss one another, the New York end of General Motors provides ample material. Nowhere else is the wrestle of personalities quite as intense as in this struggle in which W. C. Durant, the founder of General Motors, lost his control of that giant corporation.

Boston's attitude toward the motor industry, which Boston capital might have controlled if it had been farsighted enough to follow up its early advances, is revealed in the Robert Winsor interview in Chapter XXIII.

Battle Creek, Mich., February 7, 1920. Alfred A. Jackson said:

"I took the Stutz agency in Battle Creek to get near to Stutz.[1] I knew him only a few years ago as a garage worker. Stutz made his success in a snappy light fast car and sold out his name for $2,500,000.

"I was sent in 1908 to England by Pierce-Arrow to bring back one of the English motor trucks with a worm drive.

[1] Harry C. Stutz first founded Stutz Motor Car Co. Harry Stutz died, 1930, in Indianapolis, his latest venture being an air-cooled airplane engine.

Pierce-Arrow took it to pieces and built their worm drive truck. The worm drive is the most economical drive there is for power and efficiency. Even the Rolls-Royce cars now have a worm drive. The London buses go 170,000 miles on the worm drive without being taken apart. They are buried in oil and do the work.

"Ford has more than reached his life desire of a car a minute. This was what he said in 1908 he wanted. He is now doing better than that. Durant was cutting wood in the upper Michigan Peninsula seventeen years ago."

New York, October 14, 1920. Notes of interview with Weber:[2]

When Meyer [3] and he took hold of Maxwell [4] it was showing a little over $2,000,000 net, but it was really only about $1,000,000 net as inventories had not been marked down. They increased production from 30,000 cars to 50,000 and then 90,000 cars; the earnings from $3,000,000 to $5,000,000. For the three months before Meyer resigned in a dispute on a question of policy, they were earning $1,000,000 a month.

"Our policy always was to sell the year's output at the cost per car the previous year. Our price was down to the Ford price because the difference of $120 was accounted for by the self starter and other improvements.

"Our policy was to keep the same model and improve it every year, but the Flanders [5]-Brady[6] policy was to design a new car with a longer wheelbase and put it on the market without being sufficiently tested. It was an expensive undertaking and did not work.

"They also wanted to expand by building our own agencies and cutting out commissions to sales agents, all of which was disastrous.

"Ford made a great mistake when he bought out Couzens [7] who was as responsible for Ford's success as Ford. He also lost out when he lost the Dodge brothers.[8] Ford has been at work

[2] Orlando F. Weber, vice-president Maxwell Motor Co., resigned 1916 to join Eugene Meyer in N. Y. Now prominent in Allied Chemical & Dye Corp.

[3] Eugene Meyer, Jr., a director and formerly the dominant figure in Maxwell.

[4] Maxwell Motor Co., the nucleus of the Chrysler organization, was founded by John D. Maxwell, now of Newcastle, Ind.

[5] Walter F. Flanders, the "F" of E. M. F., merged into Studebaker. Since deceased.

[6] James Cox Brady, capitalist (1882-1927).

[7] James Couzens, vice-president Ford Motor Co. Senator from Michigan since 1922. Born, Chatham, Ont., 1872.

[8] John F. and Horace E. Dodge of Dodge Bros., Detroit. Both deceased.

for eight years on a plant he hopes to get cheap enough to sell to every farmer using his car. With this plant he can make a distillation of the refuse products of his farm at a cost of under five cents a gallon. This was the last figure I had several years ago. Of course, it would be more now.

"What Ford really needs is an improved carburetor which can be easily invented, so that a gallon of gasoline will carry his car twenty miles instead of twelve. Maxwell, a heavier car but with a smaller engine, uses less gasoline. It has three speeds instead of two. Ford's new price for his roadster is without a dollar of profit to Ford, but like the Gillette razor the Ford renewal parts business is now so big there is sufficient income from renewals. The safety razor companies could afford to give away razors if they could afterwards sell the blades."

Leaving Basel, Switzerland, for Germany, April 8, 1921, with Eugene Prince, who said:

"The Benz car has this market. Germany is using up her old war materials. Benz is the second largest European auto maker. The motor business is bad all over the world. Any cash offer for a motor is accepted by the French. The Marmon car is sold in Europe at $4,000 while the price in America is $5,000. High-priced American cars are sold at sacrifice prices. Financial necessity is forcing sales by European dealers. They bought before the cut in prices and on high exchange and freight rates and are now loaded. The motor depression has just struck Europe. The Chandler and Hudson $2,000 cars are badly hit. There are 12,000 automobiles in European ports on which drafts were not accepted. These are United States figures compiled in February but may not have been published in the United States. General Motors was harder hit than Ford. Anderson who controls the Ford market abroad made $8,000,000."

Paris, March 25, 1923. Brosseau,[9] President Mack Truck says:

"We sold three of our Mack Truck railway motors to Pearson of the New Haven at $17,000 each and they paid for themselves in ten months. These were fifty-five horse power, but we now make them one hundred ten horse power. He is buy-

[9] A. J. Brosseau, president Mack Truck, Inc.; director U. S. Chamber of Commerce.

ing some more. They paid for themselves, although costing locomotive engineers' wages in fear of labor unions. But in time these will be run by ordinary motor people. It is not practical to make more than one car per motor. Trailers are not practical as the limit for gasoline combustion motors is one hundred ten horse power.

"Our ordinary Mack trucks sell for $4,500 and we have added $400 worth of material while reducing the price. There are 30,000 motors of our size and kind made per annum in the United States and I expect within a few years to make half of them. I could do it now with perhaps an expenditure of $20,000,000, largely out of earnings, for expansion of plant.

"I have about 10,000 shares. The Chase Bank people have sold out. Charlie Hayden, Galen Stone, Dumaine,[10] Percy Rockefeller,[11] who has been hard hit recently, and Thomas Chadbourne[12] are the large owners.

"I have told the Pierce people that they have either got to give up the motor truck or the pleasure car. No company has ever made money by attempting to run both. White gave up pleasure cars and then succeeded with motor trucks. Locomobile went broke by trying to do both."

Palm Beach, Fla., February 26, 1927. Walter P. Chrysler[13] said:

"I am buying Mack Truck for a little speculation. There is 5 to 8 points in it. (I think he paid about 98.)

"Mack Truck stands in its line where General Motors does in the motor field. It is the top king-pin.

"Chrysler is now putting out 800 cars a day and working at full capacity. We are paying $3 and I think we shall earn $9 this year."

GENERAL MOTORS

Palm Beach, Fla., April 6, 1927.

Had a chat with Kaufman[14] of Chatham Phenix Bank. He has 120,000 depositors, 13 branches, and says he has every sort of account from United States Steel to a peanut stand.

[10] Frederick C. Dumaine, treasurer Amoskeag Mfg. Co. Born, Hadley, Mass., 1866.
[11] Son of William Rockefeller. Director many companies. Born, N. Y., 1878.
[12] Thomas L. Chadbourne, lawyer. Born, Houghton, Mich., 1871.
[13] President of Chrysler Motors Corp. Born, Wamego, Kan., 1875.
[14] L. A. Kaufman, president.

He said he took General Motors out of the hands of Lee, Higginson & Company, set up Durant and bought all the subsidiaries, including the Delco Company. They were not interested in refrigeration, but did not want the Delco name to go elsewhere. Delco made motor-starting devices.

"No man has a right in a position of trust to enter into speculation. If Durant had not speculated he would have been in charge of General Motors today and worth $500,000,000. G. M. is selling for $1,600,000,000 and half of it would have been Durant's, but he took the stock he owned and bought more stock at 40 when it was split ten for one and continued to buy it down to 20 until he had more than $27,000,000 worth.

"After I set him up in General Motors he was at one time worth $100,000,000. I got the du Ponts [15] in and they took in Morgan. As I am in the banking business I then left P. S. du Pont [16] locked in with Motors and returned to my banking."

New York, September 28, 1921. Thomas W. Lamont of J. P. Morgan & Company said:

"Stettinius is at White Sulphur and I have not talked with him much about Durant. Indeed I have never seen Durant. I have been told he is a very plausible and likeable fellow, but I don't think he will do any great damage to the General Motors Company.

"When we made investment in General Motors the intimation came to us that we ought to support the stock. We declared that we had not made our investment in General Motors on any such basis. If you want to know about Durant you should ask Pierre du Pont. Several times we said to the du Ponts that Durant was interested in speculations in Wall Street and each time they denied it to us because Durant denied it to them. The last time it was denied was the day before the issue arose. The next day Mr. du Pont telephoned us that Mr. Durant had found his situation 'a little difficult.' At five o'clock that night he owned up that he owed $1,000,000. By corkscrewing it out of him it was disclosed by 2 A.M. that he owed $27,000,000 and that three banks and twenty-one brokerage houses were involved. The next morning, if something were

[15] Mfrs. of powder, explosives, chemicals, paints, varnishes, etc. Head offices, Wilmington, Del.

[16] Pierre S. du Pont, chairman of General Motors Corp., etc. Born, Wilmington, Del., 1870.

not done, several of these houses and three banks might fail. The day before he had declared he had no Wall Street borrowings. At one time he had a paper worth of $105,000,000.

"Of course, that was a situation with which we had to deal and we dealt with it. Some of Durant's speculations were guaranties given to others, principal and interest. He kidded himself into believing that he did not owe any substantial sum of money. In adjusting this matter we acted only as intermediaries."

New York, January 4, 1922.

Lunched with W. C. Durant. He said, and showed documents to prove it, that he did not believe in the expansion program of General Motors in the big building at Detroit against which he protested and did not want his name used upon it. He said:

"The man who was responsible for the General Motors financial program is Raskob.[17] The General Motors issue of 1,491,856 shares was underwritten by J. P. Morgan under agreement of June 23, 1920. The syndicate was to have five per cent commission, but it was not known that Stettinius demanded 200,000 shares of General Motors stock at $10 a share from the Chevrolet treasury as additional compensation for the house of Morgan. General Motors stock was then selling at $27 a share. They took this stock right out of the Chevrolet treasury although there are other Chevrolet stockholders. At $25 a share this meant over ten per cent commission for Morgan in addition to the five per cent for the syndicate. I would not resign as a director of General Motors until this matter had been adjusted. It was fixed by the du Pont company buying the General Motors stock from the Chevrolet Company[18] at $13 a share; in other words making $3 per share additional compensation to Chevrolet.

Chevrolet had borrowed $9,000,000 for the accommodation of General Motors Company. I had myself given to the Chevrolet Company United Motors shares which were later valued in the market for $9,000,000 but which they carried in their balance sheet at $4,500,000. I drew against this $500,000, and although some of the directors of Chevrolet wanted to pay me

[17] Then vice-president, chairman Finance Committee, General Motors Co.
[18] Chevrolet Motor Co. A subsidiary of General Motors.

more, I waived all rights to additional payment. I was paid $500,000 a year salary for two years and for the last three years received nothing. I refused to sign a waiver as Raskob wanted.

"Raskob, not Durant, was the author of the ten-for-one stock dividend and the regular stock dividends. Did you hear a rumor that the General Motors Company is to convert back to stock of $100 par value and give one share for ten now outstanding? You see it costs over $3,000 now to buy and sell 1,000 shares of old General Motors stock, as the commission for $10 stock is the same as for $100 stock. Under 10 it is one half commission.

"I protested to the directors that they could not hope to drop 500,000 shares of new stock on the market and have it absorbed over three months. The stock dividends overloaded the shareholders and they would continually sell, having so many shares on hand."

Durant showed me letters to Raskob in the latter part of 1919 saying that the expansion program was troubling him. He said to me:

"I had General Motors in good condition. It did not owe a dollar of any kind nor have any debentures. It had $108,000,000 cash in the treasury. I expanded the assets of the company from $58,000,000 to over $400,000,000. We had earned as high as $12,500,000 in a single month. We laid out an expansion program calling for $250,000,000 and Raskob at a meeting of our representatives declared the money would be forthcoming. With the money we had in the treasury and the earnings, we figured we needed only $80,000,000.

"I always wanted to keep the United Motors,[19] as the supply company, separate on its own financial feet. I yielded only after Raskob had won over the other people and I stood alone. Finally, I made unanimous the vote to issue debentures for United Motor shares.

"Instead of raising $80,000,000 only $16,000,000 was paid in. I therefore had the job of raising $64,000,000 more. When the common stock was selling at 38 we sold common stock at 20 to the British-Canadian interests for $36,000,000. They paid $1,000,000 and were not to pay the balance until Decem-

[19] Subsidiary of General Motors.

ber or many months away. With the stock market falling I was afraid that they would not take the stock; I and my friends went into the market and accumulated shares in sustaining the price. The English people did finally forfeit on the last $10,000,000. This stock was sold to the English interests at $20 a share because the company was headed for the rocks. It cost me $90,000,000 personally to straighten out this attempt to support the stock to get in that $36,000,000 from the English.

"To make up the $64,000,000 partially we then sold securities for $28,000,000 to the Morgan syndicate.

"United Motors was subscribed for at 62 and sold above 90 and my contribution was carried in the Chevrolet balance sheet at $45."

Durant also said: "Raskob put $125,000,000 into fixed investments for General Motors. Instead of furnishing money as promised he exhausted our capital. Through Chevrolet we financed United Motors and one $35,000,000 acceptance corporation which stirred up the Federal Reserve Board concerning acceptances received by the banks of Kansas City with motor purchases behind them.

"The 200,000 shares of General Motors given as additional bonuses to J. P. Morgan were not returned by settlement with Chevrolet until April 5, 1921, when I resigned. The directors of the Chevrolet declared in a written statement that I had given to the Chevrolet Company an interest in United Motors valued in Chevrolet's December 31, 1917, balance sheet at 45 or $2,703,000, and had received only the paltry sum of $500,000 therefor and that $2,203,000 was still due me. But I wrote Pierre du Pont later waiving all claims. I was not speculating in General Motors. I was endeavoring to sustain General Motors stock so that the English interests to whom we had sold the stock at 20 when it was 38 would not get cold feet and repudiate their contract. It cost me $90,000,000 and they took my stock away at $9.50 a share.

"I resigned the presidency on November 30, 1920. My salary and commission for 1916 and 1917 had been $500,000 a year, but for '18, '19, and '20 I have never drawn a cent or been paid a cent.

"I wrote Irénée du Pont [20] March 16, 1921, correcting the

[20] Chairman E. I. du Pont de Nemours, Inc. Director General Motors. Born, Wilmington, Del., 1876.

impression made by his report to the du Pont Powder stockholders which declared that on the evening of November 15, 1920, a personal friend called upon me at my apartment and invited my resignation which was desired because I would not cooperate. Two days later I discussed the matter with Pierre S. du Pont and Raskob. I told them (and up to that time they knew nothing of the situation) of the burdens I had assumed in attempting to correct mistakes and errors which had been made and for which I was in no way responsible. From that point we started to work out a plan which would relieve me of my embarrassment and which resulted in the du Pont Securities taking over my General Motors holdings. The above is quoted from a letter to Irénée du Pont of March 16, 1921.

"Stettinius sold 100,000 shares of General Motors through Content [21] which were cleared by Horace Harding's firm and were for the account of the Morgan syndicate. This smashed the market and helped to smash me.

"The English syndicate defaulted on $10,000,000 of the payment. We had bought 1,000,000 shares to sustain the market. 276,000 shares of General Motors were purchased at $13 a share from the Chevrolet Company by the du Pont company which also bought the du Pont Securities Company preferred and common stock for which it paid more than $2,800,000 including the accrued dividends in cash on the preferred stock and also about 92,000 shares of General Motors common stock.

"The agreement under which Morgan underwrote 1,419,856 shares of General Motors was dated June 23, 1920. The first market syndicate was for $10,000,000 and Morgan had a $3,000,000 interest in this which was to take stock previously bought since May 29 and thereafter at $23 per share. July 16, 1920, a new syndicate took over 76,000 shares that had been accumulated. In this new syndicate Morgan had only a $1,000,000 interest; the Chevrolet Company, by W. C. Durant, president, had a $2,000,000 interest; and W. C. Durant personally had a $1,000,000 interest. The new syndicate took over the first syndicate stock at 23 to the extent of 76,000 shares."

New York, January 6, 1922. Edward R. Stettinius said:

"Discussion of change in General Motors capital is premature. The whole structure must be overhauled. We expect

[21] Harry Content of H. Content & Co. Admitted to N. Y. Stock Exchange, 1885.

sharp competition this year, but have marked everything down to bedrock of present values and below, and I shall be surprised if General Motors does not show capacity to earn $30,000,000 a year.

"I shall be glad if Durant makes some money. Of course he is a competitor but we do not care who competes. We know we have got to have competition. I said to Durant: 'Why didn't you lay your cards on the table? We could have sold your stock then when we underwrote.' He said it would have been better.

"Durant has got his dates all mixed up. He is a born optimist. There was no sale to the English interests except by gift of du Pont rights to take stock at 20. The du Ponts wanted us to buy stock to hold permanently. We said we would buy at the same price as their stock. They said their stock stood them at $10 a share and we took 200,000 shares at $10 a share to hold it and that is the stock we now have.

"The two market purchasing syndicates got out square with nothing to lose or gain. I sold the 100,000 shares for the account of the syndicate. The bankers made nothing. The Securities Company was to have a profit out of the Durant stock and the profits were to be divided between Durant, the bankers' interest, etc., forty, forty, and twenty per cent. There was no profit because the du Pont Company took over the matter and now holds all of Durant's stock which they have never been able to market.

"Durant was responsible for the big investment in the tractor plant and it was a failure. But he never would admit it. Millions went into it."

New York, October 1, 1923.

By appointment William C. Durant called upon me at 9 A.M. and remained nearly three hours. He had a bite of breakfast and read me a long letter he had written to Forbes, the magazine publisher.

Durant began by asking me if I believed people should buy stocks on margin. I said: "Some people should and some people should not. If it is mere gambling that is a vice and cannot be regulated by law. But there are people who can legitimately sell commodities in advance of their production, and people whose business it is to over-invest borrow money on their securi-

ties or carry stocks, bonds, or commodities on a margin basis. It all depends upon whether it is business, over-investment, or gambling. At present the New York Stock Exchange is committing suicide by giving full rein to short selling and attacks on values."

Durant said, "When I first came to Wall Street I had letters of introduction to Van Emburgh & Atterbury.[22] They were confidential brokers for Morgan.

"They would see Mr. Morgan, one of them would step over to the Stock Exchange, and the whole atmosphere of that Exchange would be changed very quickly and business would go forward. Now there is no leadership downtown. Short selling is rampant and business and credit are hurt."

Durant wanted me to know that he was not a crook. He said, "Do you think I am?" I told him that people might have different views about different things, but I would trust him myself with uncounted gold on that mantelpiece. He went over the situation, which he has been over with me before, recounting additional details. He said: "I want you to know that I have no ambitions to make another fortune. I have only the ambition to pay my personal debts and to help others in habits of saving.

"I am opening the Liberty National Bank at West 57th Street and it will soon have paid in $3,000,000 capital for the 20,000 shares. (This is about ten per cent of what was proposed.)

"I shall have ten shares of this bank stock as a director and outside the directors the stock will be held by individuals, one share each.

"I have only sixty-seven shares in the Star Motors Company and I have substantially no investment in Durant Motors, and I am not even drawing a salary although I may have one soon.

"If I must answer your question I must say that I fixed Mrs. Durant and my children long ago, thank God, when I had the money, and Mrs. Durant pays all the bills and arranges everything; but I am trying to sell my place in the country. I was

[22] D. B. Van Emburgh was admitted to the N. Y. Stock Exchange in 1869, and was joined by John T. Atterbury in 1878. For some years William R. Travers, still famous in the Street for his stuttering wit, was their special partner. Though often denominated as a Morgan house, there was no exclusive relationship in any sense.

worth $100,000,000 at one time in the General Motors securities, but I have no ambition to get another $100,000,000.

"When they wished me to resign because I disagreed as to policy they advanced me about $25,000,000 and took over my securities. I was supposed to have $2,500,000 left. In fact, Mr. du Pont loaned me $500,000 to settle my individual affairs, but there were many things I had forgotten and so when I really cleaned up and protected everybody else I had nothing left.

"When General Motors had $107,000,000 in the treasury and no indebtedness, I wanted to keep that money and go strong. I never approved of the big building in Detroit, or the centralized policy for our operations. I took the Wilmington people up to Detroit and had our heads of departments meet them. To my great surprise Raskob addressed these people and told them they could have all the money they wanted for expansion. I regretted this because I had been talking economy to all of them.

"There was soon no money in the treasury. An expansion program of $250,000,000 had to be curtailed. Raskob planned to raise $64,000,000. I don't know why that amount was fixed upon.

"I took the English and Canadian people over our plants when the stock was selling at 38. Raskob proposed to let them in on underwriting at $20 per share, and spoke of the desirableness of having the house of Morgan join in the underwriting.

"We were in a bad shape financially and needed money. The Canadians and the English people asked to have the opportunity of underwriting $36,000,000. It was some time before we could get them to button this up. Meanwhile I went into the market and supported the stock. They paid ten per cent on their underwriting and the balance was due December 1, and I again supported the stock. The Morgans offered to take the balance of $28,000,000 at $20 per share less $1 commission, provided 200,000 shares were given them at $10 a share.

"I said, 'Where can we get the General Motors shares?' I finally assented to the borrowing of 200,000 shares of General Motors from the Chevrolet treasury, provided it was returned. This stock was given Morgan at $10 per share.

"There were later two pools formed to support the stock. When I invited Raskob's participation he told me he was not a rich man and must make a confession to me that he was worth

only $2,000,000 of which $1,000,000 was in his house, which might have been a mistake, but it was his ambition. He could not, he said, go into a syndicate for $1,000,000. His salary was only $25,000 or $35,000 a year.

"When I was down in the country they notified me that Harry Content had sold 75,000 shares of General Motors, putting the stock down two points to about 21. I investigated and found this came from the Morgans and that Stettinius had sold more than 100,000 shares. Then Stettinius proposed to me that we should sell 200,000 shares short. I opposed it, because I do not like short selling and believe that our business was the constructive and upbuilding side. Stettinius thought the stock was going lower and that we should sell.

"Later I learned that as I was not in agreement with the policy of the directors it might be a good thing for me to resign. My son-in-law,[23] who is a doctor, made inquiry for me and found it was true, although protests were made to me that my resignation was not wanted.

"I insisted, however, that my interests should be taken care of and $24,000,000 or $26,000,000 was put up and my stock taken over.

"I returned to business because I could not keep quiet any more than you can. You know what would become of you if you stopped working.

"No, I haven't $100,000 of personal investment in all the Durant Companies. The Durant Companies are now cleaning up for the new models. We have millions in securities, but it is now no time to sell.

"The Studebaker stock was bought by the money paid in for Durant Motors and for which at first we had no use. Of course, as we went into business we sold the Studebaker. The Durant Company made the profit, perhaps $1,000,000, but we could have made $5,000,000 by holding it.

"I knew all about your meetings here with Stettinius, du Pont, Raskob, etc." I did not confirm or contradict.

Cohasset, August 16, 1925. William C. Durant said:

"I made a mistake after I left the General Motors to start

[23] Dr. Edward R. Campbell. Born, Fort Hope, Ont.; died, 1929.

so many enterprises. The fact is you cannot get men organized to operate a new business except by time. At the Elizabeth plant of the Locomobile Company I did not get the right men and lost $4,000,000, but next year, or in 1927, I hope to make this up and $6,000,000 more.

"Fisher Body is a very great property, and so is General Motors. I wanted to buy them and recommend them to help my credit. They have a management that in twenty years could not be duplicated. The option under the Fisher Body contract was never exercised. It is an open business. I had more General Motors stock myself than the big pool in General Motors. They seemed not to dare to go ahead."

Durant narrated his experiences to me from 6 P.M to 7:30 P.M. When he was nine years of age he and his family thought he might be a preacher. Later he was in law, medicine, and manufacturing. The Durant-Dort Carriage Company [24] became the greatest maker of vehicles in the world.

"I telegraphed a friend at one time to buy a Brewster top. He paid $125 for it, and we imitated it and sold one like it for $6.25. Indeed, we sold a whole carriage or buggy, with this top, for $35, and the buggy top looked the same as one worth $125.

"My first motor company was the Buick. I built that factory you saw at Flint the other day by cutting the timber right out of the forest two miles from town. When I left General Motors, they had seventy-five plants in forty states. Charlie Nash [25] of Nash Motor Company began work for me as a blacksmith at $1.25, sorting iron. He manifested vision and was soon jumping ahead."

William C. Durant estimated that the public had given him about $80,000,000 for investment since he left the General Motors Company.

At 9:30 P.M. my secretary handed him a letter to mail in Boston. He said to me later: "When I handed him that letter, I saw his face had been relaxed and was now very hard. It was as though he had worn a mask of pleasantry all day."

New York, October 14, 1926. Notes of interview with J. J. Raskob and du Pont. Du Pont [26] said:

[24] At Flint, Mich.

[25] Charles W. Nash, motor manufacturer at Kenosha, Wis. Born, De Kalb Co., Ill.

[26] Probably Pierre S. du Pont, chairman of the Board of General Motors.

"I don't think we shall ever put Buick and Chevrolet on the stock market. There is too much advantage in our united organization. I think the other companies may yet come together to get similar advantages.

"Think for a moment what has got to be the future in this country in closed cars and the use of ethyl gasoline. We find ethyl gasoline superior. If it is adopted over the whole country it means a lighter car with the same horse power, and the replacement of all the cars in this country and the consumption of only one half the gasoline. The number of closed cars has come up from twenty-five to seventy-five per cent. This means great redesigning of all the cars to make them closed cars using ethyl gasoline."

Raskob said: "We are spending about $6,000,000 this year for advertising Chevrolet and about $15,000,000 in advertising altogether. The number of pleasure cars manufactured in this country has run for some years from 2,900,000 to less than 3,300,000. This is excluding trucks, tractors, and export. So, you see that the industry is on a pretty solid basis and as Mr. du Pont said, we are largely on a replacement basis.

"The trouble with Ford is that he has never kept up his engineering. He built a car for high-compression tires and an open body. Now the demand is for low-compression tires and a closed body. This should mean a redesigning of the Ford car.

"We set aside one half of one per cent of sales to cover the losses under installment buying, as seventy-five per cent of the cars sold on installments which I claim has made the prosperity of the motor world, which has made the prosperity of the United States. We charge this one half of one per cent against our dealers, but we have to credit them back; I think about $400,000 last year, because the losses are only about one tenth of one per cent.

"These notes carry dealers' endorsements and the dealers endorsing these notes are worth $240,000,000. The average of the notes is $340, and we have $140,000,000 outstanding. We have $175,000,000 cash, and we have got to do something with it."

Du Pont said: "I guess Cochran [27] doesn't know whether to be glad or sorry about the prediction. It is turning out so well."

Raskob said: "If congress should pass a law forbidding automobile sales on installment payment basis and cut down our

[27] Thomas Cochran, member of J. P. Morgan & Co. Born, St. Paul, Minn., 1871.

motor output to twenty-five per cent it would produce a panic in this country. I believe the prosperity of this country is due to installment buying. Installment buying is on a legitimate basis.

"We have bought no additional stock in the Yellow Cab Company. Going into the truck business is a slow matter."

New York, October 14, 1926.

Visited the office of J. P. Morgan & Company at 4:30 today. Thomas W. Lamont was in the inner office, and when spoken to by the door attendant sent word out that he was just putting on his coat to go home but would shake hands with me passing out. I asked him the outlook. He said: "You know this better than we do. Our time is taken up helping out poor Belgium and poor France and a lot of other things, but you have your reporters all over the world, and you clarify your mind on the general situation by writing about it."

I remarked, "Yes, writing does clarify the mind." I noted that General Motors was looking pretty well with $175,000,000 cash in the treasury, according to Mr. du Pont and Mr. Raskob who had breakfasted with me this morning, and that du Pont had said that Mr. Cochran, he believed, did not know whether to be pleased or sorry in his prediction. Lamont said: "Your man has never dared to come in to see Mr. Cochran since that unfortunate publication. Did you ever know of a member of the House of Morgan making any prediction about a stock? You could have come over here and asked any member of the firm.

"Cochran wrote out the four lines he was to say and then talked with the reporter afterwards."

I expressed my astonishment at such a statement, as I had a report from Mr. Nicholes [28] of *The Wall Street Journal* as to the details of the interview and told him that it was telephoned in and run on the ticker as it was being telephoned, and that neither Mr. Hogate [29] nor I had seen it for revision as of course neither of us would have permitted Mr. Cochran to say any such thing.

Mr. Lamont replied, "We have evidence here that your man went down to his office that morning before he went up town." I said that was not according to my report.

I said I would wait for Mr. Cochran to come down from

[28] Morton Nicholes, former ship reporter, *Wall Street Journal.*

[29] Kenneth C. Hogate, then managing editor *Wall Street Journal,* N. Y. City. Now vice-president and general manager *Wall Street Journal* and Dow Jones & Company.

the meeting upstairs. Evidently Mr. Lamont sent up word that I was waiting, and Cochran came down and sat at his desk and said: "That was a terrible thing done to me, and I shall never get over it the rest of my life, but I would not go back on a reporter. He might have a wife and children and be discharged. I had twenty-five or more radios from newspapers and others; in fact, I was bombarded, and the whole interview was wired to me. I talked it over with Mr. Baker who was on the boat, and I wired back to this office that I could not contradict an interview, part of which was true.

"I went aboard the boat at about 11:30 at night and Mr. Nicholes came to me with one of our men and asked if I would not please help him out with an interview. He mentioned the name of my dear partner, Mr. Stettinius, whom he had known. I think Nicholes is also from the South and that rather touched my heart, and I thought I would help him out. He asked me if I thought General Motors had not gone up pretty fast. I said: 'Yes, but I think its present price is justified by its management, its earnings, and its prospects—seventeen words which he wrote down. Then we talked about other things. As he was leaving I called him back and said, 'I don't give interviews —be sure not to misquote me.'

"When Nicholes came in to see me he said, 'I appreciate your kindness very much.' Nicholes came in and apologized and said he had misquoted me. He had asked me if General Motors was going to $300. I said it might in three to five years but time was the essence of the thing.

"He said something of *The Wall Street Journal* making the correction too late afterwards, about the time, but that did not interest me. Aboard ship I asked him where this interview was to be published, and he said, 'In *The Wall Street Journal* Monday morning.' "[30]

[30] The high point of the interview, given Saturday evening, July 31, and published Monday, August 2, 1926, follows:

"The rise in the stock of General Motors Corporation has been very rapid during the past week (it had gone from 169⅞ on July 26 to 189½ on July 31), but it is more than justified by earnings. I am convinced the corporation will earn more than $35 a share this year. . . .

"When the former proportionate prices of Associated Dry Goods, American Can, and General Electric are compared as to earnings, General Motors, with earnings running at such a rate, is cheap at this price and should and will sell at least one hundred points higher."

On July 1 General Motors closed at 146½. It had gained a few points a day steadily to reach the high of 189½ on the closing day of that month. The market closings of the week of the interview were: Aug. 2, 201½; Aug. 3, 213½; Aug. 4, 206½; (high for that day was 214½). Then slow gains to Aug. 7, 217. On August 9, it went to 222 (high that day was 225).

The rise of G. M. influenced the whole list of stocks, and the great bull market of 1926 was under way.

Cochran further said, "We have some interest here in Montgomery Ward, and I think Merseles [31] the greatest man in the mail-order business in the world."

New York, November 10, 1927. Spent three-quarters of an hour with Pierre du Pont, from five to 5:45 P.M. He said:

"It looks as though Ford was determined to make a good car because of his delay.

"I would not want to say that the Ford outfit is not worth more than half a billion, with Ford out of it and no success with the new car. The problem would be then to make a good car to fit the Ford organization. It is too early yet to place Ford in the picture."

New York, November 19, 1927. Fred J. Fisher [32] said:

"Ford is worried. There is no question but that he has missed half his spring sales. He liquidated his inventories and put it into cash which went up to $328,000,000.

"If people knew that Fisher Brothers had bought 100,000 shares of Packard that stock might go to 80. I think it will.

"General Motors, next March, will be selling at 150 [33]. I do not ask the other people in General Motors what they do outside. They have no right to ask me. (This was in response to my question as to whether he should buy into another motor company without consulting his associates.) While we were talking he was called from Pittsburgh on the long distance and asked to buy the Pierce-Arrow Company. The man said he had rounded it all up and could sell it. Fisher replied, 'We would be put in jail if we went out buying motor companies.' But he said to me, 'That is a good enough answer. Of course, we do not want the concern, and I think we would be summoned to Washington if we bought another motor company.'

"We have not sold a share of our investment in General Motors, but we have sold our market stuff. I think some of my brothers have a considerable interest in Chrysler now, but I have none.

"General Motors is a very strong working organization.

[31] Theodore F. Merseles (1863-1929). President Montgomery Ward & Co., 1921-27, and of Johns-Manville Co., 1921-27. Born, Jersey City.

[32] Eldest of Fisher Bros., Detroit automobile body manufacturers. Director National City Bank, General Motors Corp., etc.

[33] Early in 1927 General Motors stock was split in two. Mr. Fisher's prophecy was conservative. The stock rose to 224¾ in 1928.

Nobody is on the side lines, and there is no jealousy. Everyone knews his job and is right on it. I do not know of another motor organization that is so united that it can overrule its own engineers. We back up each other's job.

"It is a wonderful organization, but it took about five years to get the organization together, but five years would not put Nash, Chrysler, Packard, and Hudson and other companies into a harmonious working organization.

"Chrysler is wonderfully able, but he is a one-man power. General Motors nearly went to pieces in trying to get these organizations into a unit, and at one time Ford had Chevrolet on the run, but I put it back when I made that Cleveland contract, as I told you the other day. This really turned the tide for General Motors, for at one time I had to carefully consider whether Fisher Brothers would not be obliged to buy General Motors to protect themselves.

"When we cut away from Ford and other motor makers and went in with General Motors, we had to make a contract protecting ourselves, because we would go to smash if they went to smash.

"We made that seventeen and a half per cent contract run ten years with Durant, and I put in everything that could be thought of.

"Stettinius was about the sharpest man to ask questions I ever met. After I had been invited on the General Motors board and we sat at the directors' table one day, Stettinius asked about the cost of bodies, and I replied, We are living up to the contract as close as we can.' Stettinius said, 'What contract?' At the request of Mr. Stettinius, Raskob hunted around and produced the contract. Stettinius stopped and read the whole seven pages. Then he looked over to me and said, 'Mr. Fisher, did you forget anything in this contract?' I said that I did not remember that I had. He said, 'Raskob, was this contract ever submitted to an outside attorney?' Raskob said it was all in the family, a matter of mutual interest, and it was not. 'Do you object to my submitting it?' Mr. Raskob said, 'Certainly not.' Stettinius took that contract to a lawyer and later said to Raskob, 'My advice to you is to live up to every letter of that contract.'

"My youngest brother is twenty-five and there are seven of us. We were brought up in our father's blacksmith shop

making wagons and tools for farmers. It nearly broke my father's back carrying the paper of those farmers who did not want their notes rediscounted in a bank. You know farmers are old-fashioned about letting anybody know what they owe, and when a farmer could not pay because his crop failed, we had to carry him over. I went to work at thirteen and at fifteen part of my job was to drive around at times and see what I could collect and it was sometimes very small.

"We had a large interest in Radio but are now all sold out.

"You must ask Raskob if he wants to speak about that $63,000,000 that we shall return this year as earnings to General Motors from the Fisher Body unit. He attends to the financial side.

"Besides the Managers Profit Sharing Plan, there are bonuses to the people in General Motors, foremen, and others getting as much as $4,800 per year, and sometimes the bonus works out to be twice as much as the salary. We have it in the Fisher Body down to $3,600 as the bottom figure for bonus sharing, but we don't have any fixed sum. We go over each man's case individually and reward him with a bonus according to his work."

FORD

Dearborn, Mich., November 23, 1923.

Just spent two full hours with Henry Ford and W. J. Cameron, editor of the *Dearborn Independent,* in Cameron's office. There were with me my secretary, Raymond V. O'Brien, and Phil S. Hanna of my Detroit office.

Mr. Ford said he could see no saturation point to automobiles in the future. He was turning out 7,500 a day now, but in three months would be turning out 10,000 a day. He said their expansion generally called for another investment of $110,000,000.

I told him I had always explained to my friends that such was the demand on the Ford works for expansion that while he was the richest man in the world, he was also one of the poorest.

We discussed the world around. He declared South America and Canada to be far less hopeful than China for future development. He did not expect his grandchildren would ever see 100,000,000 people to the north of the United States;

the climate was too cold and there was not enough good soil. There was a bad mixture of races to the south of us, but the Chinese people were industrious and above all honest. The way to develop their roads was to push the motor in there and that would make the demands for the roads, and they would build the roads themselves.

Told him the latest Ford story which Cameron had never heard, that if Ford was chosen President, he would make another Lincoln. Ford said the worst Ford story he had ever heard was one told him by President Wilson. That was so bad he would never repeat it.

I discussed the books on Ford and asked him concerning what to me was the most wonderful chapter of fundamental truth in the book by Crowther,[34] the law of service. I did not know whether he wrote it or Crowther wrote it, but that I had read it over to a very bright lady and she was astonished at the fundamental truth there presented. Cameron said instantly, "That chapter was Mr. Ford's own chapter."

I told Ford the most interesting thing in that line was Edgar A. Guest's [35] statement in a magazine article on a visit to Ford's home—how Ford's mother taught him the principle of service —and I would like to know how she had taught it to him. Ford said: "My mother died when I was thirteen, but when you get a fundamental principle, you get something of great value. And you are dead right, Mr. Barron, that is a fundamental principle. You are right in your 'Creed' that service is the only basis for happiness—mutual service."

Ford grew enthusiastic whenever machinery was mentioned. He and Edison knew all about Corliss engines. He had recently purchased a 300 horse power Corliss engine in connection with an electric lighting plant he had absorbed. It was still so perfect in operation that although built in '73, he was not going to scrap it.

Speaking of iron he said that if you could get all the carbon out of iron it would not oxidize and was better than gold for many things. There was a monument of pure iron in India as perfect today as when erected 6,000 years ago.

He said when he bought the Detroit, Toledo & Ironton Rail-

[34] Samuel Crowther, co-author of two Ford books. Born, Philadelphia, 1880.

[35] Newspaper poet and humorist. Detroit *Free Press* since 1895. Born, Birmingham, England, 1881.

road the engines were very old and while he could have bought new ones at $65,000 he spent $35,000 apiece in rebuilding these engines. That was the easiest way, as they were just as good as new ones when rebuilt.

He was not familiar with plans in a large way for factory and headquarters construction in the country, as at Leverhulme's Port Sunlight in England or the American Woolen Company's Shawsheen Village. However, he had developed 1,000 horse power on a little stream near by and had four dams operating factories on it, where employees made special parts and also worked on the soil. He believed twenty days a year could do all the necessary agricultural work with modern machinery. There was one factory on this little stream that made tiny screws. A motorload of material would keep it going for many days, and the same motor that took out the raw material would bring back the product.

He said the big raw-boned youths of the soil were drifting into the cities, but the farm hands to operate machinery were the pale city youths. City lads were glad to get out into the country, while the country boys wanted to get into the cities. He said he thought it was just as well to bring children up in the city as the country; if they had the right stuff in them it would come out.

I asked him why he didn't try for the Bok prize.[36] He said to Cameron, "We ought to have put in a bid for that." He said, "The international banker Jew is the cause of wars."

I said I didn't think the Jew was the cause of wars, but was the great war profiteer. Ford said, "That might be so, but the great cure for wars is to have all the world speak the English language." He seemed to be a great admirer of the English; said they had never been whipped and never would be.

Speaking of Schwab he said he believed the latter's steel plant was dependent on profits from wars. I explained how Schwab's plant had absorbed Lackawanna and Midvale, etc., saying Schwab might yet control the steel exports of this country as well as the major structural business east of the Alleghenies, which consumes the major part of the country's structural steel.

Ford said he produced about half the wheels he used and

[36] The American Peace Award of $100,000 was created by E. W. Bok, former editor of the *Ladies Home Journal* in 1923, and was won by Dr. C. A. Livermore in 1924.

about half his bodies; he was now building a woolen mill to make cloth used in his car and that he produced about half the lumber he used. He said he might not make a large amount of cloth, but would find out its cost. As Michigan had many sheep and a good wool crop, the result might be here as in other departments, that although they did not produce all they used, they would get lower prices.

Mr. Ford said, "If we had not built our electric light plant, we should have had to pay much higher prices for what electricity we use, but manufacturing electricity ourselves we could get reduced rates for what we bought."

The property where his office was now situated was an old brick kiln. The pond in front of his office was an old clay pit filled with water and now used as a condenser for his engines. He said they were building a new office building. We joked him about going out through the window. Cameron said in the new office building he would not be able to go out by the window when he didn't want to see people.

Mr. Ford has no regular office, but uses the offices of other officials to see his visitors. Cameron's office, where Ford spends a good deal of time, looks eastward over the pond and has lots of sunshine and air. Near the entrance are presses which turn out 250,000 copies of the weekly issue of the *Dearborn Independent,* which is only half the edition, the other half being printed in Chicago, as the circulation is now 500,000.

Discussing the Jews, Ford said when he quieted down and put on the soft pedal, it was noted to him that Jewish manners had become very much improved by reason of his exposure. The better classes of Jews were glad of it. They knew that Ford had been telling the truth.

We discussed Durant; he seemed to have been interested in what I had written concerning Durant. I said that Durant was on a false financial basis. I exploded somewhat on the principle of taking small stockholders' money, which should be in the savings bank, and putting it at risk, while the larger part of the profits, if there were any, would go to the promoters, who did not put up the money. The Lelands [37] violated a true principle in building the Lincoln car; they had no business to take the stockholders' money and give the stockholders all the risk. Ford

[37] Henry M. Leland and his son, W. C. Leland, pioneer manufacturers of the Cadillac, sold to General Motors. Later started Lincoln, bought by Ford.

said he did not agree; he believed stockholders were useless parasites in enterprise; that they put in their money to gamble on the other fellow's brains, and it was as they deserved when they lost their money.

Ford said that Sinclair was a gambler in oil. Last July Will Hays made efforts to get him to go into the oil business with Sinclair.

Ford said young Stinnes was at Dearborn recently. He seemed a nice young fellow. Stinnes said in the old days before the war German working men got $1.50 a day. Ford asked him if there was any hope of a German working man owning a Ford car. Stinnes said there was no hope. Ford said, "How do you ever expect to be prosperous in Germany if you don't have prosperous people?"

Ford said that struck Stinnes right in the skull, but it didn't go any deeper.

"We have never been able to sell cars in Germany. We tried and tried to get some in, but had to make all sorts of concessions and changes. I think if we had continued, they might have made us give them cars without wheels. The Germans are very difficult people with whom to do business. We have never been able to do much with them."

He believed Germany was going to be in distress a long time.

Ford said he could not account for the French people working long narrow strips of land by hand and then a few miles away there would be great acres worked by enormous steam plows.

The most interesting study of the locomotive he had ever made was at the Chicago World's Fair where they had all types of locomotives grouped together, from the beginning of steam locomotion.

During the conversation he said he thought gold an almost useless metal and Wall Street a parasite. I thought it better to reserve such a subject for future discussion, although I assured him that the best as well as the worst might be found in Wall Street, which was the longest street in the world and represented finance, industry, and speculation strung out over the country.

Talking about the price of the car, I said the Ford car and West Virginia coal were the only two things I knew that were now cheaper than before the war.

He said, "Yes, the Ford car is selling at half its pre-war price."

I said, " Oh, no, I'll bet you a hat on that."

He replied, "Oh, yes, money is only worth sixty per cent of what it was before the war."

I rejoined: "That is according to what you take as the standard of value. You can take the Ford car as well as the dollar and say the Ford car buys fewer dollars and therefore the Ford car is higher."

Among other things, Ford said they were now building steamers for the lakes that would pay for themselves in a year and a half.

Ford impressed me as having a more kindly smile and spirit than I had expected or than had been shown in his pictures.

Boston, Mass., May 5, 1924.

Mr. and Mrs. James J. Storrow [38] lunched with me at Beacon Street; Mr. Storrow said he talked with Ford ten or twelve years ago when his output had reached the large amount of four hundred cars per day. He had an appointment with Mr. Ford, but nobody knew where Ford was. Ford had no office and not even a desk and never wrote a letter. But in about three quarters of an hour they found Ford.

Storrow said Ford was charming to talk to, but he never found a man who could say so many foolish things in such a short space of time. It was unaccountable how this man had created this vast organization and yet seemed to have no organization. Ford does not believe in titles. Fires people most unceremoniously. Fired Klingensmith [39] as his general manager; when asked who his successor was Ford replied, "We don't go in for titles out here."

"He is as ruthless as J. J. Hill, who would tell a man who had served him for fifteen years that he was through and needn't come in tomorrow morning.

"How men with such practices can have loyalty or organization I cannot understand, but I don't think they really have the best loyalty or the best service. It is marvelous how Ford has stuck to his one design car, refusing to change. But this is one of the secrets of his success, his sticking to one design and

[38] James J. Storrow, Boston banker, head Lee, Higginson & Co. (1864-1926).
[39] Frank L. Klingensmith.

one business, and reducing the cost so as to broaden continually the number of customers."

Dearborn, Mich., May 22, 1924.

Arrived at Cameron's office at 11:20 and Ford, after conference in the adjoining room, came in about 12. Meanwhile talked with Cameron and with Smith—the expert on natural resources for Ford. Cameron says, "Ford lives in the factory, is continually passing in and out." Smith says, "It is true we have no titles and no general manager."

Mr. Ford said, as the conversation began, that it was true he wrote no letters. He wrote only ten letters last year and these were all to children. Ford said he believed in partnerships, but had never found any one he could agree with.

Speaking of Stinnes's death I noted his taking no exercise, but spending his time in conference in his organization. Ford said, "Conferences would kill any man."

We talked in a general way until after two o'clock. I declined his invitation to lunch, as I needed none, and he said he would go up to the hospital for luncheon, meaning that Mrs. Ford was there and he would lunch with her.

Smith observed before Ford came in that the cause of Ford's lessened profits last year was due to his price reduction of January 1, 1923. The cost of materials advanced last year and the margin of profit was very narrow, but cost of materials is now coming down and labor is more efficient.

I told Mr. Ford I understood he had 100,000 cars to sell and I could tell him how to sell them in a day or in a week, that he had only to announce to his dealers that he was contemplating advancing the price and ask them for suggestions as to distribution of cost between his different types of cars. But Ford said: "We could not say that. The way to increase sales is by reducing prices and not by advancing them.

"Our minimum wage is $6 paid to everybody including the office boys.

"Materials advanced last year, but are now coming down and our figures do not show as yet any manufacturing loss in motors.

"Stories of closing our coal mines, which supply all our coal and gives us coal to sell outside, are not true."

Previously Smith told us the coal bootleggers could sell coal cheaper than Ford. Indeed, the Canadian Ford Company will not buy coal from Mr. Ford's mines—they can buy it cheaper outside. "But," said Smith, "when the turn comes and coal again goes to $10, our price will not go up."

Ford said there has been no slowing down in his construction plan. If he did not make money he would like to know how he could have built all these buildings and still have no reduction of his cash in the bank.

Cameron said the new building, to house the *Dearborn Independent* at one end and the staff at the other, would cost about $3,000,000.

Smith said they had just put 3,000 acres into flax to experiment with it, that they had studied flax the world round and had gotten all the information possible, but now they wanted to make a closer study of flax.

Concerning costs Ford said that labor did not amount to much; in fact it was only seven or eight per cent of the cost.

I said: "But you employ 100,000, and under your minimum wage scale their wages amount to $200,000,000 a year. Now 2,000,000 cars at an average cost of $500 a car would mean a billion dollars. $200,000,000 in wages would therefore be twenty per cent of cost, not eight per cent."

Ford still insisted that his figures were correct. Cameron told me he would try and find out what Ford meant. Cameron thought Ford meant an individual factory employment of labor applied to the output of that factory. Cameron had previously said that there were 99,000 men now employed.

Smith said in Ford's presence that costs were coming down and at the time the minimum wage scale was put into operation it took thirty men to make a car or thirty days' work. Later it took eighteen days' work. Two years ago it took sixteen men per car and last year it was 14.4 men per car.

Cameron said later that he could not account for these stories that Ford could not read or write. Ford delivered a recent address over the radio and read it. Cameron promised to send me a copy if he could find it.

Ford's address was on the English language, which he said was the only language for the factory. Ford said he could tell intuitively by the sound of a machine with what language it

was built; he could tell whether it was French, or German, for machines spoke to him the language in which they were built.

Ford told us that the output of Ford cars was 7,500 daily and later the figures were brought in showing sales of 8,200 per day.

Smith said the Ford Company brought home all the cars they could buy after the war and repaired and sold them again and thus kept up the standard.

Cameron said the Dearborn *Independent* had a circulation of 701,000. The deficit was diminishing and all but two or three Jewish papers now took Ford advertising.

I asked Ford about his buying the Pere Marquette. He denied it and his manner showed he meant it. He didn't even know the capital stock. He asked me if it was a good earning property. He said there was nothing in the railroad business.

Cameron said he believed the Fordson tractor had been sold at a loss. Hanna said tractor prices had been raised from $390 to $425. Ford tells me that any one that wanted to build the Ford tractor could do so and that he would give them the plans and blue prints.

Cameron said the Wayside Inn [40] property is now about 1,000 acres, as Ford has bought to protect all the approaches for half a mile.

Cameron said Ford had bought Nobscot Mountain which was a part of the frame of the picture. There wasn't enterprise enough in Boston to save the Wayside Inn, but Ford, being appealed to, bought it. Ford told me he had not advanced the prices for luncheons or dinners there.

Smith said the Citroen people from Paris had investigated the Ford factory costs. Smith said the Ford people could pay the thirty-five per cent duty into France and undersell the Citroen [41] people. Ford said General Motors spent a good deal more on advertising than he did.

A pleasant incident was the discovery that the rubber on the bottom of my cane was broken. Ford took it and in a minute twisted a rubber band from Cameron's desk around it, making a good repair job.

Ford said he might go on to a five-day-a-week basis. He said the half-day Saturday was a nuisance. He believed that

[40] At South Sudbury, Mass. See Henry W. Longfellow's *Tales of a Wayside Inn.*

[41] André Gustave Citroen, French automobile manufacturer. Born, Paris, 1878.

they could yet find a way to shut down their power for two whole days.

Ford said he had found a way to bank furnaces without killing the fires and might on June 1 cut out all or half of Saturday work to give men more leisure during summer.

While the form of the Ford car has not been changed improvements were continuously going on. He exhibited with great pleasure as an illustration a two-pound steel piston which was to take the place of the four-pound cast-iron piston now used. He declared the steel piston could be produced at less cost than the iron piston, and fit all Ford cars.

He wondered where all the reports came from of his closing his coal mines by reason of labor troubles or slowing down production.

He was much interested in my discussion of Coolidge, his nomination at Chicago, the opposition from Lodge, and the defeat of Johnson in California. Said he could not see any setback to this country, that any slowing down of business was but temporary.

Ford looked older and thinner. Skin tighter and more wrinkled, seemed preoccupied or a little worried, possibly due to Mrs. Ford being in the hospital where she has been for several weeks.

His face has grown more beautiful and his smile even more kindly.

Detroit, Mich., October 28, 1924.

Just had my third interview with Henry Ford at the office of W. J. Cameron, editor of the Dearborn *Independent,* now 750,000 circulation.

First went over proof of proposed advertisement of Henry Ford endorsing Coolidge for President and made suggestions for its improvement, some of which Cameron adopted. (Frank Stearns was here about a week ago.)

Ford came in a little after ten-thirty, greeted me very warmly, and said he was delighted to see me. He told Cameron I was not Wall Street.

Ford said: "I propose investigating with a scientific staff to find out what is the proper food for man. We don't know whether we are getting the right things or not."

I told him he ought to confer with Dr. Kellogg, who is raising $1,000,000 to found a college for biologic living.

(Hanna who went with me told me that Ford's motto is—"Afoot, alone and across lots." As we returned in the afternoon Hanna pointed out Ford's house through the trees and where he walked across lots every morning to the Dearborn offices. His family have him guarded by detectives, but they must keep at a distance, because Ford doesn't care for their services.)

Ford said he didn't think there was very great room for aluminum in the Ford car. He believed alcohol distilled from waste farm products would keep gasoline below thirty cents a gallon and probably below twenty-five cents a gallon.

Ford said, "We are electrifying twenty-five miles of the Detroit, Toledo and Ironton Railroad.

"I do not know what percentage of our sales are on partial-payment plan. The boys attend to that. (Hanna says it is about twelve per cent.) Our bank deposits do not seem to run down. We get three per cent from the banks.

"I think we own more than twenty per cent in the Ford Company of Canada. Edsel and I, I think, together have nearly fifty per cent.

"Whatever others do about advancing prices, we do not contemplate any advance in Ford prices.

"The new steel piston in the Ford car is working admirably, but we do not care to advertise our improvements. The public will get hold of them soon enough as we are able to supply the demand. It is better to have the public feel it than to advertise it.

"You are right about my teaching history by the Wayside Inn. True history is the history of man, and the history of man is the family history of the kitchen. I propose to show, both at the Wayside Inn I have purchased out here and the Wayside Inn near Boston, the old kitchen fully equipped beside the new kitchen with modern equipment.

"We don't want Muscle Shoals now because we can produce power elsewhere just as cheaply.

"I do not know what our production will be this year or next, but we are ready to meet the demand as it arises. We are manufacturing nearly all our parts in England, shipping only a few parts from this country. The result of removal of Eng-

lish duties will be that we will manufacture many things here that we might otherwise have manufactured over there, for we can make them cheaper here if there is no duty.

"The trouble in England is unemployment. That is what the Prince of Wales told me the other day. They feel, however, that with cheaper transportation, such as American motors can give them, there will be a general help to business.

"The Ford motor is working to the accuracy of one ten-thousandth of an inch, or better than a watch, which is the poorest machine made.

"Those big stacks to the south of this office are flax, and I believe we can make linen in competition with cotton. Indeed linen cloth at the price of cotton cloth, measured whichever way you will—by the yard or pound. Flax doesn't have to be cultivated as does cotton. Flax can compete with cotton; I am sure of it."

Lunched in the little office lunchroom building across the way at one o'clock with Liebold,[42] Cameron, Hanna, Sorenson —manager of the River Rouge plant, Martin, presiding Manager of the Highland Park Plant, and Dr. Woods Hutchinson,[43] the writer on medical and scientific subjects. We talked until late in the afternoon and I went with Liebold and Cameron through the new building, 800 feet by 200 feet, which will house the future offices of the company and the *Dearborn Independent* plant, where it is expected that one million papers per week will be printed.

November 11, 1927. Notes of long distance call from H. M. Cole[44] from West Newton, Sunday A.M., 11-27-27. Cole said:

"I called upon Mr. Ford this morning and I chatted with him for only a few minutes as he was coming out of the breakfast room. He had his mackintosh on and was preparing to go out around the place somewhere.

"I asked him about the *Dearborn Independent* and he said: 'We are all through with it. We are going to quit immediately with the *Dearborn Independent.*'

"Ford seems just as bright and just as happy, as though he

[42] E. G. Liebold, secretary to Henry Ford.

[43] Physicians and writer on public health. Born, Yorkshire, England, 1862; died, 1925.

[44] Herbert M. Cole, managing editor, Boston News Bureau; director Boston News Bureau Company. With C. W. B. in Boston since the nineties.

did not have a care in the world. His secretary told me that while you and I and everybody else might regard this as a great crisis in his life, it does not affect him a bit, and he is just as merry and as happy as he ever was."

Chapter Twelve

MONEY TALKS

In the spring of 1922 Mr. Barron, after going to Washington to take soundings, departed for the Economic Conference (so called) at Genoa, Italy. The Washington soundings are reported in Chapter XIX, where various elements in the Harding Administration conclude in advance that the Genoa conference will be political rather than economic. This judgment was born out by events, as C. W. B. learned on the spot in Italy. On this journey our traveler, during a conference recess, went to Rome for Easter Sunday, then back to Genoa via Switzerland, and at length home via Paris and London. His summer was an especially busy one, with less time than usual spent at his seaside farm.

New York, January 6, 1922.

Charlton [1] tells me that Samuel Untermyer has one hundred and sixty-seven men employed on his place at Yonkers.

Boston, February 9, 1922.

At the annual dinner of Lockwood Greene & Company.[2] Sat beside President Seger [3] of the United States Rubber Company. He intimated he had no idea of the legacy Colt [4] left him in the Rubber Company, or he might have followed William Rockefeller's advice and stayed with the Union Pacific. He advised me to criticize the policy of companies that made contracts in 1920 for delivery of high-priced goods in 1922 and did not report to their stockholders this liability.

S. S. *Olympic, April 1, 1922.* W. L. McKee, vice-president of the National City Company, says:

[1] Earle P. Charlton, vice-president F. W. Woolworth Co., president Charlton Mills. Born, Chester, Conn., 1863.

[2] Engineers and designers of Textile Mills, Boston, New York, Chicago.

[3] Charles B. Seger, then president and chairman U. S. Rubber Co. Now chairman of Finance Committee of Union Pacific R. R., etc. Born, New Orleans, 1867.

[4] Samuel P. Colt (1852-1921), president U. S. Rubber Co., 1901-18.

"We have three hundred and fifty salesmen and it costs two and a half times as much to sell and distribute bonds as formerly." W. E. Bell, partner of Harris, Forbes & Company, says: "We have about two hundred and twenty-five salesmen and as with the City Company the average bond sale is now only $3,000 per buyer, whereas it was formerly $8,000."

Bell later said: "The distribution of bonds by Harris, Forbes & Company is now approaching half a billion a year. McKee says he expects to distribute bonds at the rate of a billion a year. If his distribution was as low as a million a day he would fire the whole force."

Rome, April 16, 1922. Richard Seager [5] said:

"King Constantine of Greece [6] is about fifty.

"After eleven years in exile the royal family came back and collected a bill for eleven years services, 33,000,000 drachmas, which exhausted the treasury.

"Constantine prides himself on his American cocktails."

Genoa, April 18, 1922. Back to Genoa. Tuesday evening with Vanderlip. He says:

"Harding was right; this Genoa conference is political."

Genoa, April 30, 1922.

At the Campo Santo with Harden,[7] brother-in-law of Vanderlip.

When Vanderlip left the City Bank he was paid $4,000,000 or $500 a share for his 8,000 shares. It later sold at $260 per share.

Galen Stone was responsible for the Simms Petroleum fiasco in A. I. C. (American International Corporation). He also defeated the second plan to sell International Marine to the British which would have proved profitable.

Vanderlip made money for A. I. C. in U. S. Industrial Alcohol.

Genoa, May 3, 1922.

Attended the second plenary session at the San Giorgio hall.

[5] Archæologist. Author of *Excavations on the Island of Pseira, Crete,* etc.

[6] King of Greece. Born, 1868; crowned, 1913; abdicated, 1917; died in exile, 1923.

[7] Edward W. Harden, journalist, broker, member Campbell, Starring & Co.

Called upon Chicherin [8] for a little chat and he said, "If the Conference insists on the memorandum to Russia, it is hopeless."

Highcliffe Castle, England, May 20, 1922.

Spent Sunday here with Selfridge.[9] His son-in-law, Serge Bolotoff, says Foch is the head of the military party in France and that Poincaré is only his echo. Foch has a big secret service fund and controls many writers for the newspapers, among them Pertinax.[10] France does not dare to balance its budget. It prefers to get sympathy and make Germany pay. An assistant in the office of the Minister of Finance offered a plan to square the budget. The Minister of Finance laughed at him and said he would lose his office if he squared the budget. Clemenceau said it was necessary to name a large indemnity in the Versailles treaty to satisfy the French people, but promised it should never be collected.

There are one thousand members of Lloyd's.[11] Each must deposit £5,000. He is held personally for all his obligations and when he cannot pay and has nothing left but his clothes the fund can be drawn upon for his debts. There is no lift. You walk up three flights of stairs and the name of the member you want is called out through a speaking trumpet. They will gamble on anything—the weather or Paderewski's fingers. Casson once insured his voice when he had to make a speech. The income is $150,000,000 a year.

New York, June 28, 1922.

With George Whelan, Thomas F. Ryan and James B. Duke for an hour at Whelan's Fifth Avenue office.

Duke said: "Your New England states are going to become summer resort territory. Your mills cannot expand. The South will take away your cotton spinning. We can make cotton cloth in the South five to seven cents a pound cheaper than you can make it in New England and we can make the finest

[8] Gregory Chicherin, foreign minister U. S. S. R. (Soviet Russia).

[9] H. Gordon Selfridge, London merchant who introduced the American department store to England. Formerly with Marshall Field & Co., Chicago. Born, Ripon, Wis.

[10] Pseudonym of French journalist.

[11] English insurance firm.

goods. We have cheap white help; colored help is no good in the mills.

"On that $20,000,000 water plant I am making nothing—only simple interest. Muscle Shoals is too far away to ever touch me."

Thomas F. Ryan said: "I don't know much about Sinclair. I put money into Portuguese Africa searching for diamonds and just as somebody had warned me my experts found oil.

"Although it was only forty miles from the coast and rather too heavy for pipe-line work it is believed that lighter oil will be found near by and combined with it so that it may work through the pipe line. (W. B. Thompson later told me that this oil was so heavy it would not flow and would have to be taken out in tank cars.)

"I investigated and found that it would cost $100,000,000 to $150,000,000 to get this oil properly placed in the market with transportation by land and sea, refineries, etc., so I gave Sinclair half of it if they would put up the money for the development.

"Now experts tell me that what we have in Africa is worth more than all the Sinclair Company has in the United States."

New York, July 6, 1922. Spent an hour and a half in forenoon with A. H. Smith, President of the New York Central. He said:

"Why don't you get up a Wall Street Ford Club?

"Don't say anything about it now, but here is a picture that they call 'The Smith Mystery'—a new $60,000 locomotive that will haul 10,000 tons while present locomotives haul 5,000 tons.

"The Mack Truck for railroads is without drawing power to haul big loads.

"I believe in good wages for engineers. An engineer in starting and stopping can ruin a $50,000 piece of machinery. He must be a trained man of long experience and good judgment. A good engineer is a technical man."

Yonkers, N. Y., July 6, 1922. William Boyce Thompson says:

"Untermyer is worth $50,000,000."

The evening before I learned from one formerly associated with W. B. T. that at one time he was worth $60,000,000 or

$100,000,000, I forget which. Thompson is probably worth less now.

Storrs [12] at the Ritz-Carlton says Duke and Ryan are each worth $250,000,000, but Duke's money is better invested. He has $5,000,000 a year from the British Imperial Tobacco Company alone.

On train with Galen Stone, July 5, 1922. He says:

"New England is going to be a residential section. James J. Storrow said he hoped no more mills would be built in New England."

Jackson, N. H., August 11, 1922. With N. L. Amster and Max Hart of Hart, Schaffner & Marx. Hart said:

"Hart, Schaffner & Marx started in '72, but we were not hit by the '73 panic. In fact we have never been hit and have never been obliged to cancel orders in our business.

"We will not tell our gross business. If we had not scaled our orders in 1920 it would have been above $80,000,000. We are now doing about the same business in units as in 1920.

"High prices have never landed me yet with a heavy stock of goods on hand. We don't get caught. Our inventory in the 1920 shrinkage was only $3,000,000 so we couldn't have gotten more than $1,500,000 shrinkage."

Kennebunkport, Maine, August 12, 1922. William M. Wood said:

"American Woolen Company showed $9,000,000 net last year, but really made $14,000,000. Our policy this year will be to show as little profit as possible. If you show big earnings you never will get them; your employees will insist upon an advance in wages.

"The American Woolen Company put $2,000,000 into Shawsheen Village [13] and I expect to bring the whole business through so that the cost will be eliminated as in the case of the Ayer mills. I borrowed $5,000,000 for the Shawsheen Mills, but have only thus far used $1,000,000.

"You once asked me if I was well fixed for living without

[12] Frank Vance Storrs, New York theatrical program publisher, etc.

[13] A model village at Andover, Mass.

my salary. I can tell you that I have one of the largest incomes in the city of Boston.

"All my life I have slept no more than five hours and I now only use three or four hours at sleep. Mrs. Wood says she does not see how I am able to get along with so little sleep."

New York, October 30, 1922.

Sargent,[14] the portrait painter, said John D. Rockefeller was the most interesting sitter he ever had. His brother, William Rockefeller, said the portrait was good, but he didn't like the look of John D.'s hand—it was still reaching.

En route from Florida, November 29, 1922. Samuel Spring[15] said:

"I am now with the Associated First National Pictures.

"We have three contracts for eight pictures from Charlie Chaplin[16] and he is holding back the eighth.

" 'The Kid' was the fifth picture of the series. He has received already for it $850,000 profits before taxes and his taxes trouble him very much, for he is as close as Harry Lauder. When we were paying him $100,000 a month he was riding around in an old Buick. We have actually paid him $1,000,000.

"Chaplin is probably worth about $3,000,000. He puts his money into municipal bonds, which is the favorite investment of the moving-picture people.

"It is probable, that the United States including Canada, has paid more than $6,000,000 to see 'The Kid.' England has paid about $1,000,000.

"Griffith[17] is always broke because he puts too much into his pictures. Chaplin puts only $150,000 and his brain into a picture like 'The Kid.' Cecil de Mille[18] puts $400,000 into a picture. Fairbanks[19] and Griffith each might put in $1,000,000 or more at times.

"It costs $25,000 a week to make a picture and if you keep your company going for four weeks extra then it costs you another $100,000.

[14] John Singer Sargent. Born, Florence, Italy, 1856; died, 1925.

[15] Treasurer and secretary, First National Pictures, Inc., since 1925; previously its general counsel.

[16] Charles Spencer Chaplin, comedian. Born, London, Eng., 1889.

[17] David Wark Griffith, motion-picture producer. Born, La Grange, Ky., 1880.

[18] Cecil de Mille, playwright; producer. Born, Washington, D. C., 1878.

[19] Douglas Fairbanks, actor. Born, Denver, 1883.

"A concern will put $100,000 into a ship and sink it and all they have left is the negative.

"Mary Pickford[20] is perhaps worth $2,000,000. Her husband has put $1,500,000 into 'Robin Hood' which is too much. That is all he is worth.

"Will Hays is the master of the moving-picture business today. He plans all the policies in relation to the public. He told Zukor who had three quarters of a million in Arbuckle pictures on his shelf that the public would not stand for them and they could not be shown. The stars are scared and Hays is keeping an eye on Hollywood.

"We have written into our contracts that when an artist is arrested or connected with any public scandal or guilty of any immoral practices we can cancel his contract. The moving-picture people have made their money quickly and have not yet been refined down.

"Du Pont lost backing Goldwyn pictures.

"Max Mitchell[21] was ruined by the 'Miracle Man.' It was bought for a small sum and returned a $1,250,000 gross and Mitchell thought that all there was to the business was to go on and buy.

" 'Four Horsemen of the Apocalypse' brought $100,000 and ten per cent of the gross to Ibanez.[22] It cost perhaps $300,000 to make the picture and will probably bring three or four million gross in royalty. Somebody went over to France, paid Ibanez for his ten per cent interest and made a very handsome thing out of it.

"Famous Players was caught in buying real estate and picture houses, but is now doing very well with a very good management."

Washington, D. C., about December 6, 1922. Hibbs[23] the broker said:

"Margie Post,[24] only daughter of Post[25] of Battle Creek, is worth $50,000,000.

[20] Mary Pickford (Mrs. Douglas Fairbanks). Born, Toronto, Can., 1893.

[20] Roscoe "Fatty" Arbuckle.

[21] Max Mitchell, formerly president of The Cosmopolitan Trust Co., of Boston, which failed some years ago.

[22] Vicente Blasco Ibañez, Spanish novelist; died, 1928.

[23] Banker and broker. Born, Gordonsville, Va., 1864. Established W. B. Hibbs & Co., Washington, 1884.

[24] Mrs. E. F. Hutton.

[25] C. W. Post, founder of Postum Cereal Company. Born, 1854; died, 1914.

"I have 3,000 accounts and $5,000,000 margins in New York.

"I figure Durant has $10,000,000 left. But they took his stock away from him at 9¾."

New York, December 16, 1922.

Mitchell tells me that Harding [26] of C. D. Barney was summoned by E. H. Harriman and found him at his home in his bathtub with the telephone in his hand. Harriman said, "Harding, if I give you some business will Frick know all about it?" Harding replied, "He will know just about as much about it as you know about what I do for Mr. Frick."

The business proceeded. Harding called every morning on Harriman at his home for orders before he came downtown. Always at that time Harriman was in the bathtub and that's where the business was done.

New York, December 26, 1922. Ernest R. Graham said:

Straus [27] sold $163,000,000 bonds last year. About ten per cent gross profit and $10,000,000 net.

"Straus has $60,000,000 of bonds in his safe to care for and send checks for coupons. His total force is about 2,000 and he has now no bonds for sale; practically all sold out."

Boston, December 26, 1922. Galen L. Stone of Hayden, Stone & Co. said:

"I hope to go abroad very shortly with my wife and daughter to see something of the world, first going to Italy.

"I think Charlie Hayden would retire if he could, but he can't yet get out of the harness. Even if he plays cards he is thinking business. I shouldn't be surprised if he was worth nearly $20,000,000. I may be worth more than Charlie, but then I have had opportunities in outside investments that cost me very little and realize large profits."

[26] J. Horace Harding. Senior partner of C. D. Barney & Co. Born, Philadelphia, 1863; died, 1929.

[27] S. W. Straus & Co., N. Y., Chicago, and allied institutions.

Chapter Thirteen

CATCHING LIQUID GOLD

Little Talks with the Oil Barons and Their Henchmen

Here one may have a ringside seat to watch the great international race for oil, followed by the merger of certain of the British and American interests, wearied by their rivalry in Mexico. New light is thrown on the Madero revolution in Mexico. Both Sinclair and Doheny begin talking to Barron on the subject of Teapot Dome as early as 1922. C. W. B., with his firm grip on old friendships, defended Doheny to the last breath. Bob Stewart, Blackmer, the exile of Paris, and a host of other adventurers in oil, cross these pages.

London, February 25, 1919.

Elisha Walker [1] lunched with me at the Ritz Carlton. He says Doheny is getting contracts enough with the Cunard to enable him to increase his oil output; that the output of oil must have relation to sales contracts.

Doheny cannot sell to the Shell people or anybody else because he would have to pay about half the proceeds of such sales in taxes to the United States government.

In Great Britain there is no tax on speculative profits or transfers or on the profit of a man selling out his business or real estate or shares at an enormous profit.

Later talked and spent an hour at 47 Parliament St., with J. B. Body.[2] Lord Cowdray left his directors' meeting for a moment and I promised to see him on my return.

Body says they think there is still oil above and they are putting another well down beside it.

There is another well a mile away giving 15,000 barrels a day which seems to be in the same district, unaffected by this well giving out. It is a good thing to have a well give out in

[1] President Blair & Co.; partner since 1920. Born, N. Y., 1879.

[2] Associated with the Cowdray enterprises; then director Mexican Eagle Oil Co., S. Pearson & Son, Ltd. Residence, Devonshire House, Mayfair Place, London. Formerly resided in Mexico.

this district to help the oil market and demonstrate that oil fields are not inexhaustible.

The properties Doheny and Cowdray put in together will be worked as before by the two concerns, each accounting to the other and pooling the profits. The property will be known as the Alliance, but they cannot really issue shares against it without being subject to taxation, so it will be worked under agreement as before and results pooled.

Walker says that Doheny is of the opinion that Cowdray should not have opened his Protrero well so wide. It should be held down and kept under greater pressure for the best results in oil.

Body says Cowdray will tell me when I return about negotiations with Shell but that my suspicion is perfect and cannot be otherwise than correct. The Shell interests are getting an oil supply to expand British shipping interests over the world by having oil bunkers over the world the same as the British now have coal bunkers.

Body says there is no truth in the report over the city that Cowdray sold 2,000,000 shares to the Shell people at £6 per share or for $60,000,000.

Body says that Deterding [3] at Great St. Helen's is the brains of the Royal Dutch or Shell concern.

(Sir William Marwood [4] next day admitted to me that important negotiations were going on with the Shell people.)

London, February 26, 1919. J. B. Body said:

"The International Committee just formed by Mexico was at the request of the State Department which started negotiations six months ago and invited France and England to cooperate, but the United States wanted half the commission. The others objected, claiming their interests were jointly three times those of the United States.

"The reply came back that the interests of the United States were paramount geographically and now the committee has been made up, the other nations assenting to the United States having one half on the committee.

"The United States interest is estimated at £300,000,000

[3] Sir Henri Wilhelm August Deterding, K. B. E., since 1920. Director General of Royal Dutch Petroleum Co., and a director Shell Transport and Trading Co., Ltd. Born in the Netherlands.

[4] K. C. B., Minister of Transport, 1917.

and the interests of Great Britain and France at more than £600,000,000."

Ritz Hotel, London, March 16, 1919. P. A. O'Farrell says:

"The Diesel engine will rule the world in ten years. There will be no coal steamers on the ocean.

"England will have the oil bunkers around the world and desires the Mexican oil supply.

"Ryder [5] of the Mexican Eagle Company stole the Alliance property.

"Cowdray and Doheny have settled and there is no use talking about it.

"Lord Pirrie controls the Danish Diesel engine which claims to be better than the German. He is now quietly building twelve Diesel engine ships.

"Why should the United States build ships for the future and have no oil supply for them?

"The United States should build Diesel engines and hold oil supplies and be supreme in the commerce of the world.

"Doheny has got the oil supplies the United States needs and it will be a crime if he is forced to part with them by Carranza or the British interests.

"Germany was after the Mexican oil before the war and it now looks as if England might get it."

New York, September 3, 1919. E. L. Doheny said:

"I do not know who is putting Pan-American up to 120. I certainly am not doing it. I have just made up some figures that would indicate that next year both companies may make $28,000,000. Of this Pan-American may be entitled to $18,000,000, as it owns the control of Mexican Petroleum. I have sold more than 40,000,000 barrels of oil for delivery next year and I have ordered the pipe today for another pipe line.

"Last year we put out 28,000,000 barrels. Of course we will have to consider financing, but I don't know what form it will take.

"The shipping board is the greatest profiteering concern in the world. Its rates on ships will not permit Argentine beef to

[5] Thomas J. Ryder, an American, but managing director of Mexican Eagle Oil (Aguilar) and English company. Resigned, 1923; died, 1927. "Stole" is no doubt used in the Street sense, equivalent to "bought too cheaply."

come into New York City. It goes to England because the shipping rate to England is cheaper.

"The shipping board fleet stands at a cost of $178 per ton, but it charges $6.50 per ton per month for tanker charters."

Cohasset, October 12, 1919. Percy N. Furber [6] said:

"De la Barra [7] was my partner in Mexico. He was honest, but like all Mexicans you could not put responsibility upon him. They won't take it.

"Limantour [8] was the one man who could save Mexico, but he would not return and save the country. He was ambitious to be president, but knew he could not be. In fact his father denied him and disinherited him. He was a really able financial secretary in Mexico.

"Diaz [9] became deaf in his old age and married Carmelita Rubio,[10] a young woman of thirty-five, the daughter of his enemy Romero Rubio, to tie the latter's hands. He had previously put a price on Romero's head, alive or dead, but could not get him. I went to see Diaz once but could not talk for I would have to raise my voice and it would have been dangerous for me to have done so, for the people passing outside would have heard.

"His payroll called for 32,000 well-equipped troops with plenty of field guns, but when Diaz required them there were only 13,000 poorly equipped troops and no field guns. When the revolution started, a general called for 5,000 troops to suppress it, saying it was very serious. He handed the telegram to his son, who said: 'Father, that general is a coward. Dismiss him.' He was dismissed. Five hundred troops were sent and they were chawed up.

"The Revolution was really caused by H. Clay Pierce.[11] He wanted to get my property. He owned thirty-five per cent in the Waters-Pierce Oil Company and the Standard Oil owned sixty-five per cent, but he was allowed to manage and given a free hand. He bought the Mexican Central Railway, put up his stock as collateral, and the Standard Oil acquired it in the

[6] Furbero, Mexico, is named after Mr. Furber, who was formerly an influential resident of Mexico and President of Oil Fields of Mexico, Ltd.

[7] Francisco Leon de la Barra, Provisional President of Mexico, May to November, 1911.

[8] Jose Y. Limantour, Finance Minister of Mexico under President Diaz.

[9] Porfirio Diaz (1830-1915); President of Mexico, 1884-1911.

[10] The second wife of President Diaz shared his exile and is now living quietly abroad.

[11] Financier in oil and railroads. Born, Jefferson Co., N. Y.; died, 1927.

financial stress of later times. Later Henry Clay Pierce forced them to give it back. They not only gave him back his stock but sold him theirs at $1,500 a share giving him the entire property.

"Pierce made a sharp bargain with Doheny which tied him all up as the Mexican Petroleum Company. Therefore Doheny organized the Huasteca Company and opened the Cerro Azul and other properties to the south which were independent of the Mexican Petroleum contract so that Mexican Petroleum owns to the south Ebano and the Huasteca.

"I started my company in June, 1903, and the Standard Oil offered me $200,000 for fifty-one per cent of it within a few months and kept raising their offer until they had offered me $2,000,000 for twenty-five per cent if I did not sign up with Cowdray. But I had promised Cowdray and signed up with him December 4, 1907.

"H. Clay Pierce demanded of Diaz that he should take off the taxes on oil imports which would enable the Waters-Pierce and Standard Oil outfit to push in American products. This would have knocked Cowdray, my company, and Doheny and all the oil producers in Mexico. Diaz refused.

"Francisco Madero [12] was in jail at San Luis Potosi. The wife of Diaz begged for his liberation, after Diaz had condemned him to death. Diaz refused. The woman then got the Archbishop to intercede. Diaz said: 'The responsibility will be upon your head. I cannot refuse you but I feel that great disaster will come to my country if I relent.' Madero was liberated.

"H. Clay Pierce put up the money behind Francisco Madero and started the revolution. The family of Francisco were very much alarmed. They knew he was a wild man, but neither Clay Pierce or anybody else ever dreamed of what would follow. The peons rose and swept everything before them. Carranza [13] took $2,000,000 as governor from the treasury of Coahuila, and explained to Wilson that it was necessary to take it to aid the revolution."

New York, February 23, 1920. J. B. Body said:

"Doheny did a foolish thing when he sold to the British

[12] (1873-1913) President of Mexico, 1911-13. Assassinated.

[13] Venustiano Carranza (1859-1920). President of Mexico. Killed in battle.

Mexican Petroleum Company at a fixed price for twenty years ahead. This left the cream of the business for the rest of us.

"We are full with shipbuilding for two years in England. Every way is full for that time, so much so that we have had to contract for four tankers with the Standard Shipbuilding Company in New York Harbor at $208 per ton, much higher than English costs. I had not thought before of the fall in sterling exchange affecting shipbuilding in this country, but the difficulty about that is that we are full up on the ways for two years and you cannot buy any ships in England. But, of course, if exchange stays down you cannot compete with England in the future, either in building the ships or running them.

"There is no Rumanian oil for England and won't be for some years. What little there is in Rumania will be absorbed thereabout.

"I have not inquired the price of oil recently in England but of course with the fall in exchange oil must go up in England. When I was there last, the price of gasoline was 3s. 4d. As during the war, fuel, sugar, and butter are rationed but there is plenty of oleomargarine and meats are cheaper in England than in the United States. There is also a much better feeling in England than in the United States. There is something revolutionary in the air in the United States but this spirit has passed away in England and we are getting down to work.

"Germany's depreciated mark is ruining her and stripping the whole country. Of course it must be true also of the pound sterling if that went down much further. American gold would rush in and buy up everything we had."

New York, May 12, 1920. H. F. Sinclair said:

"There is no truth in the rumor that we have lost $22,000,000 in the Duke-Knowles pool. We never lost any such money in all the oil fields we were ever in in all our history. We never invested any substantial amount of money in that pool, but we have a pipe line in there and buy the oil. We do not put millions into the oil lands in Texas as a rule. Texas drilling is done upon leases.

"I know Simms [14] of Simms Petroleum. He is a pretty good fellow; I am in partnership with him in the Gulf Coast field. I think about a $5,000,000 venture.

[14] Edward F. Simms organized Simms Petroleum in June, 1919; resigned, 1922. Since organized Louisiana Land & Improvement Co.

"The Sinclair Company gets the oil. I have no patience with these bears. Allan Ryan was right and if I had been in his place, I would have settled with those bears individually and taken everything they had. They are destroyers of value, crucifiers of credit. They never build anything and they make no money except out of other people's losses. Men may work all their lives to build up; the bears watch to see how they can destroy and carry off a small fraction of what they destroy.

"The bears are putting Sinclair down—today 34⅞. If it were not sustained, they would drive it down to nothing and the lower a thing goes, the more they will sell. If I did not have responsibilities here with my friends having invested heavily in the stock, I could step aside and let the bears drive the price down to $10, buy it all myself, and own it all.

"Why, bless you, we can sell our properties outside the United States for $100,000,000. We have recently contracted with the Standard Oil Company for 50,000 more barrels of oil per day in Mexico. They put the money up and built the pipe line to our wells. Yes, we get somewhere from sixty to seventy cents a barrel out of it.

"Our great money is coming from Costa Rica and Panama if we are successful there. It is right at the seaboard and the canal is available without great expense whereas our 3,000,000 acres in the United States of Colombia can only be developed by millions of expense. That is a matter of the far-away future. We lost our two wells in Costa Rica-Panama district through bad piping in the drill and have had to start over again. One was down 900 feet and the other 1,600 feet. Both went through gas and oil areas.

"The Standard Oil went in to Colombia through the Tropical Oil Company and will have to spend $20,000,000 or $30,000,000 in Colombia in building a pipe line.

"Our pipe line to Chicago cost $32,000,000. It could not be built today for $50,000,000.

"We got nearer 91 than 90 for the notes, but we have our money and some other oil companies will have to whistle for theirs. The Texas Company paid more than we did for money because it had to buy up one of its own bond issues. We can pay for our $50,000,000 notes five times over right from our property under the red flag. We have $50,000,000 in oil supplies. We have $50,000,000 in pipe lines. We have $50,000,000 in refineries. You can go down through the Southwest and

hang out a red flag and sell our properties under the hammer for a great deal more than they are selling for in Wall Street.

"You could not hire me to take Teagle's job. He has these vast stomachs of refineries to keep going. I figure that he produces about six per cent of what he has to get. We are selling them thousands of barrels a day. I thought I would test them out the other day when they came to us for oil. I named a good price and specified $2,500,000 cash in advance and they sent in the contract and the check immediately. They wanted delivery that day and we delivered. Their refineries are now partially shut down for lack of oil. The time has gone by when the Standard Oil can dictate either the transportation of oil, the price of oil, the merchandising of oil, the refining of oil or the price for oil or oil products.

"I should not blame Doheny a bit if he sold out his great Mexican interests to the British. Our government does not back up the people who are defending the interests of this country."

New York, May 27, 1920. Prentiss T. Moore,[15] the writer on oil, said:

"Standard Oil of New Jersey controls Carter Oil with 10,000 barrels daily output, Standard Oil of Louisiana with 13,000 barrels daily production, and half of Humble Oil Company with 18,000 barrels daily production. But the parent Standard Oil company no longer is potential in the production of oil and the future of Standard Oil of New Jersey is very uncertain. It can be truthfully said that from a certain standpoint Standard Oil is a shell.

"The big producer in Texas is the Gulf Company with 55,000 barrels daily. I own a few shares of the stock. It pays no dividends and some day will come through big. The Mellons own eighty-five per cent. 700,000 barrels a day or sixty per cent of the American oil production comes from the Mid-Continental field.

"I estimate that Sinclair has 18,000 barrels output a day including 4,000 barrels of flush production, but it may be no more than 13,000 or 14,000 barrels net (Sinclair told me by telephone the next day that Sinclair production in the United States was 20,000 barrels a day net).

[15] Then of Dallas, Texas.

"Gilliland [16] has been a winner in the Homer field. He got there early hiring carpenters and others at big wages to work in the field and produce oil quickly while Simms was slow and missed flush production. Gilliland told me when he was paying these big wages: 'I am buying time. That is valuable in this field.'

"Sinclair is getting 3,000 or 4,000 a day out of deep sands in North Texas. He is leasing from the Texas Pacific and drilling on halves.

"The strong point about Sinclair is that he has settled production and not flush production. The bears all over this Street are down on Sinclair but Sinclair will come out on top in my judgment because he has settled production. He is rounding out a big proposition and it is selling too cheaply. I have not been altogether in favor of Sinclair and sometimes it abuses me and sometimes it flatters me, but the bears who go short of Sinclair around this price of 31 will go broke."

Chicago, June 9, 1920. John Hays Hammond [17] said:

"Our arrangement with Sinclair was that, as we want it, Sinclair Company puts up $10,000,000 and takes bonds. We have 150,000 acres and a five-year option on a million acres. When our first well came in we had no pipe line and we sold it to the Gulf Company for $2,000,000 and one-eighth royalty. Our second well is running 36,000 barrels a day and we shall have another one in very soon and soon after another one. We shall before the end of this year be producing 100,000 barrels a day and our man figures earnings of $10,000,000 a year."

En route to Chicago, June 6, 1920. Louis K. Liggett [18] said:

"Four weeks ago the English government backed the English purchase of Dutch interests in the Shell Company. Whatever may be true of the small ownership and present oil production of the English, England will eventually control twenty-five per cent of the oil area of the world."

At the Chicago Convention, June 10, 1920. H. F. Sinclair said:

"Our title in Costa Rica is just as good as the title to your

[16] John W. Gilliland, president Southwestern and Gilliland Cos., Tulsa. Born, Tioga, Tex., 1881.

[17] Mining engineer of South Africa adventures. Born, San Francisco, 1855.

[18] President United Drug Co., etc. Born, Detroit, Mich., 1875.

farm. But of course in Latin-American countries they always want a little grease."

Archie Roosevelt [19] added: "Yes, in dealing with Latin-American countries you have got to give them the butter as they prefer this to the substance."

Roosevelt just returned a few weeks ago from Costa Rica. He says: "One well was going down by churn drill and one by rotary drill. They have a gang of old-fashioned Virginia drillers who know their business, but as to South American countries, read *Cabbages and Kings* by O. Henry.[20] It describes the situation perfectly."

S. S. Olympic, March 22, 1921. J. B. Body says:

"Cowdray is not out of Mexican Eagle. He sold control to the Royal Dutch and Shell, but this was resold in the market and is not in the Shell treasury. Shell has the management of the company. Output is 140,000 barrels a day or 4,000,000 barrels a month. Agwi [21] interests were put up by Duffy [22] who thought he could do anything under Carranza. Four wells were drilled, one on Doheny's property and one on Cowdray's. Therefore one gusher has been turned back to the Eagle Company with apologies. They said they knew what they were doing when the Mexican Eagle warned them. It turned out they did not.

"Mexican Eagle sells 70,000 barrels a day to other companies, Standard Oil of New Jersey, Pierce Oil, Public Utilities, and Mexican Petroleum, and therefore exports only one half its production. It is opening at Furbero which is the finest oil. The company has five and a half miles of pipe lines.

"The Dutch for twenty years get a percentage in accordance with the dividend for management, geology, location for markets, chemistry, etc."

London, April 29, 1921. Lord Cowdray said:

"Just before the war I ordered twenty tankers of 12,000 tons each, increasing the British tanker tonnage twenty per

[19] Third son of President Roosevelt.

[20] The pen name of William Sydney Porter (1862-1910). Short-story writer. Born, Greensboro, N. C.

[21] Atlantic, Gulf & West Indies Steamship Lines and associated companies.

[22] James King Duffy, president Regal Oil & Gas Co.; chairman All-American Petroleum Corp.; director other oil companies.

cent. There was only a million tons of oil tanker tonnage under the British flag.

"The Mexican Eagle concession was given to me personally and when it came to organizing a company the Diaz people said it was only right it should be a Mexican company. I agreed.

"At one time, of course, we owned all the shares—my firm and my family. Of course I had always to hold the absolute control.

"I sold this control to the Royal Dutch and Shell companies, but I do not think they hold the full control now. They may not hold more than $40,000,000 worth or perhaps it may have a value of $80,000,000 at the present time. They paid me at least $80,000,000 for control and I still have considerable interest in the company. But I retired from the management and do not go to the office of the Royal Dutch & Shell Company or see Deterding more than once a year.

"Deterding is a wonderful man. He does not need to think. He knows it all by instinct. He has force, foresight, and judgment, and knows exactly what to do. His one fault is that he is not a good organizer. He can do it all so well himself.

"Now he leaves the office to go out of town and the result is organization behind him because when he is away there has to be organization. He thinks it better that there should be organization. A great many of our people served us in Mexico as a personal matter. Body is standing by as manager until he can turn over the lines to somebody else.

"The income of my firm is a million pounds sterling, but after we pay sixty per cent in taxes, there is only 400,000 pounds left. Of course I am my firm and everything I have I put into it. My father put me in his business very young. I am sixty-five years old this summer. Entered the firm in 1872 and four years later took charge when but twenty years old. All the engineering works you see pictured on the stained glass hallway window in Parliament Street were done under me, except three or four.

"When Sir Eric Geddes[23] was thirty-eight, he was considered too young to be manager of the London & Northwestern railroad, so there was a nominal manager but he did the work. He is an able, practical man. I hear his brother is not getting

[23] Brother of Sir Auckland Geddes. Eric Geddes, former cabinet officer and rail executive, now head of Dunlop's Ltd., tire manufacturers.

on so well in Washington. (I told him I heard he was a theorist like Wilson, but he impressed me as a sound man.)

"I am chairman of the Associated Civil Engineers and we have made arrangements with the labor unions for reduction in wages according to the fall in the cost of living based on Board of Trade figures."

S. S. Olympic, May 7, 1921. Ryan [24] says:

"The Cowdray firm was S. Pearson & Sons, Ltd. Their great works were Birkenhead Tunnel, Vera Cruz harbor improvements, Mexico City drainage, Dover Harbor, Malta, works in China, and at São Paulo, Brazil. $100,000,000 was spent at Tehuantepec in partnership with the Mexican government.

"Cowdray at eighteen came to America and hired out with a shovel on the railways to get an understanding of labor. Lady Cowdray was the daughter of Sir John Cass. She calls her husband Dick, for his name is Weetman Dickinson Pearson. He is interested in the jute mill at Orizaba and the lighting companies at Pueblo and Vera Cruz. He put $2,000,000 into Mexican oil exploration and development before he took out a penny.

"George D. Barron [25] of Rye, N. Y., cleaned up $10,000,000 from the Tezuitland Copper Company. He sold it to Cia (Co.) Metallurgica of San Luis Potosi, Mexico."

September 23, 1921. E. L. Doheny said:

"There is no change in the Mexican situation except that the collection of taxes has been deferred and probably the understanding is that they will not insist upon the carrying out of the last decree in respect to the amount of taxes. The settlement will be in December.

"The Mexican government has been hard put to it to get money especially after we shut down on the taxes. They were overdrawn $85,000 at the Equitable. The proposed taxes would have meant for the two taxes thirty-three to thirty-seven cents a barrel. Under the agreement we hope for the two taxes to be about nineteen cents a barrel. Altogether there are six taxes but four of them are minor.

[24] W. B. Ryan, formerly vice-president and general manager of Cowdray's Tehuantepec National Ry., across the Isthmus of Tehuantepec, Mexico.

[25] Retired mining engineer formerly active in Mexico. Born, St. Louis, Mo., 1860.

"The United States stands just where it did in Hughes note of June 2. Capital is still not safe in that country.

"I paid Dr. Dillon's [26] expenses for his first trip to Mexico and the understanding was that he would write from my standpoint. He became enthusiastic over Obregon and wrote those highly flattering articles for the *Evening Post*. He is now in London and I heard the other day he was dining with Selfridge. Dr. Dillon made a sensible suggestion in Washington that the way for us to operate was to let Mexico alone under its constitution but to have a commercial treaty which guaranties protection to American interests. The thing was put clearly by Franklin K. Lane [27] and Secretary Colby [28] and was approved by the Mexican minister at Washington. It seemed to be an admirable solution of the situation. But in Mexico it was rejected. It is nonsense to speak about capital being safe in Mexico. The constitution absolutely transfers private property to the hands of the government.

"There are three political parties in Mexico: the land owners or hacienda people who do not want this Carranza constitution of Lincoln Steffens [29] the other socialists, and there are the social leaders who want the government to run everything which means more concentration of ownership and not less as the government is the top of the pyramid. I think Obregon is honest and is inclined to a middle course. He represented the third party which is in power. He is a hacienda owner [30] himself, but the government must pay attention to the Socialists who have made the constitution and are now declaring that the people own everything and are entitled to everything.

"The shutdown cost the Mexican Petroleum Company $1,750,000. There were 176,000 tons of idle tankers in Tampico harbor when we were there.

"Secretary Fall [31] is a very able man and his proposal to put 75,000,000 barrels in storage for the Navy at these low prices is right.

[26] Dr. E. J. Dillon.

[27] Resigned as Secretary of the Interior, 1913-20, to become vice-president Pan-American Petroleum & Transport Co. Born, Prince Edward Island, 1864; died, 1921.

[28] Bainbridge Colby, Secretary of State, 1920-21. Born, St. Louis, 1869.

[29] Journalist. Author *Moses in Red*, 1926, and other books. Born, 1866, in San Francisco.

[30] Large land owner.

[31] Albert Bacon Fall, U. S. Senator from New Mexico, 1912-21; Secretary of the Interior, 1921-23. Convicted 1929 of aoccepting a bribe for $100,000 from E. L. Doheny in connection with the leasing of Elk Hills Naval Reserve. Born, Frankfort, Ky., 1861.

"There are now only three interests that can make important production in Mexico: the Mexican Petroleum which has four-fifths of the values remaining; the Mexican Eagle and the International owned by John Hays Hammond and Sinclair; and the Sinclair Company.

"All the outstanding stock is practically margined stock in the hands of brokers. I have never sold a share of Mexican Petroleum or Pan-American since the spring of 1914 except that I took my half of Pan-American stock at $100 per share although the rights fell from above $30 a share to nothing and the stockholders owning the other half of the capital did not take their proportion by $800,000. I then sold my non-voting stock at a big loss which I could deduct from taxes and bought the same amount of voting stock which I could hold, and I and my wife and son now control Pan-American in the same proportion as before.

"There is a little over $11,500,000 Mexican Petroleum stock outstanding but there are 7,000 names on the books. Still I think it is mostly in brokers' offices. We shall not spend as much money for construction the coming year as the past year. In fact we think our construction will be small."

New York, September 28, 1921.

Met for the first time the new president of Sinclair [32] at the Sinclair office. I asked him when he came East. He said he could best answer that by his friend who then spoke up: "Harry went West and found his brother out of health as president of the biggest bank in Tulsa with $20,000,000 deposits and $1,500,000 capital and $1,000,000 surplus, and he thought he ought to come East. So he induced him to come here as president of the Sinclair Company."

I remarked jokingly, "Then for a sick company they got a sick man for president."

Sinclair said: "Not exactly. I have recovered my health but for many years I passed on oil credits—probably six times as many oil credits as anybody else ever passed on. We had a strange situation out West when the Federal Reserve Bank in Kansas City declined to rediscount the paper of oil drillers, claiming that the drilling of a well was capital investment.

[32] Earle W. Sinclair, president Sinclair Consolidated Oil Corporation since 1921. Brother of H. F. Sinclair. Born, Wheeling, W. Va., 1874.

"There are just two periods in the oil business. One is when accumulating. The other is when you are distributing oil. We have been accumulating oil at the rate of a million barrels a month in our Sinclair Purchase Corporation.

"I understand Standard Oil never change their inventories on oil. They did not write them down. They just work them through, as they recognize there are just two periods in the oil industry—accumulation and distribution."

New York, September 28, 1921.

Called on Teagle of the Standard Oil of New Jersey at 4:45 P.M. He was very busy as he was preparing to go West tomorrow morning. But I asked him about his impressions of Mexico. He said, "What does Doheny say?"

I said Doheny could see no change.

Teagle said: "Perhaps some more decisions in the Supreme Court with retroactive clauses may draw the teeth of Article XIX. I was very much taken with the apparent honesty and ambitions of de la Huerta [33] and Obregon. They seemed to me to be honest and straightforward and able. I had never been in Mexico before while this was Doheny's seventy-fifth trip. But I found things better than I had expected.

"Doheny is in error when he says there is only one-tenth the gasoline now consumed as compared with the peak. Of course there is a different class of riding. Men no longer start from San Francisco to smash across the continent in a motor car. Those fools are dead, but I don't believe that the motor consumption of gasoline is twenty-five per cent off."

Yonkers, N. Y., September 23, 1921. W. B. Thompson says:

"Sinclair made money the first six months notwithstanding the marking down of inventories. They have as much cash in the banks as they owe and the millions due them for their half interest in the pipe line draws interest. What helped Sinclair was that they sold to the Standard Oil of Indiana with their pipe line one half of their oil supplies and are joint buyers of oil with the Standard of Indiana through a sub company. But they do not want much said about it. The inventories were thus written off and the company was able to show a small

[33] Provisional President of Mexico, 1920; later Secretary of the Treasury and as such signed all agreements with the International Committee of Bankers, headed by Thomas W. Lamont. De la Huerta is now a refugee from Mexico, and living in California.

profit the first six months notwithstanding the markdown of its inventories. They will probably show something for the year."

Thompson says he is personally interested in oil concerns in Texas and says oil that was formerly $4 is now worth $1. He brought out the Sulphur Company recently and is now going to bring out another company. The Morgan people had this. The cost to him was about $10.

New York, October 14, 1921.

Spent from 9:30 to 11:15 alone with E. L. Doheny in his parlor at the Plaza. (Lord Inverforth [34] sails Saturday at one P.M. for London and Lord Pirrie returned. E. L. D. told me almost immediately on his arrival, because Franklin of the I. M. M. did not want Inverforth in this country when the British shipping contracts were under investigation at Washington.) Mr. Doheny said:

"Moore [35] of the Pittsburgh *Leader* married Lillian Russell.[36] He induced Chairman Porter of the Foreign Relations Committee to get a statement damning the Mexican Oil fields. Porter [37] applied to Hughes and Hughes said he had no trustworthy report on Mexican oil fields. Then application was made to the shipping board and Mr. Phelan [38] was induced to write a report six months after he left Mexico and somebody got Benson [39] to sign it. This is what Porter got out to help his friend, Moore. Of course they smashed Mexican Petroleum stock down and my own box has shrunk $50,000,000. But I have never sold a single share of stock except as I explained to you the other day in making a transfer between A and B stock.

"Colonel Green and our drilling man Frick got caught in the decline of the stock and I have taken up for them and others from Lipper, Hutton and Block [40] six millions of stuff. It is in our safe. Colonel Green will tell you that there was never so

[34] Andrew Weir. Peerage 1919; British shipping magnate. Born, 1865.

[35] Alexander P. Moore, ambassador to Spain, 1923-25; then to Poland. Born, Pittsburgh, 1867; died, 1930.

[36] Actress, born Clinton, Pa., 1861. Mr. Moore was her fourth husband.

[37] Stephen A. Porter of Pittsburgh. Born, Columbia Co., Ohio, 1869.

[38] J. A. Phelan, oil expert for the U. S. Shipping Board, sent his report on Mexican oil conditions to Chairman Porter on June 16, 1921.

[39] William S. Benson, rear admiral, chief of naval operations 1915-19. Born, Macon, Ga., 1855.

[40] New York brokers.

much oil in sight on our property as today. I bought 17,400 shares of Mexican Pete since June beginning at 145, between 45,000 and 50,000 shares the last three or four years, and now own more Mexican Petroleum and Pan-American than ever before and Pan-American owns more Mexican Petroleum than ever before. While Mexican Pete will earn $35 a share this year, Pan-American will earn $15 or $16 a share or at least twice its dividend this year. Charter prices have gone down and Mexican Petroleum makes money on the decline because it pays only the going prices for tankers. Of course this robs Pan-American but it gets back three fourths of the robbery in its holdings of Mexican Petroleum.

"The British Mexican Petroleum Company earned £1,000,000, for the year to June 30, most of it in 1920, and the English people wanted a dividend, but I would not permit it. We took no account of these earnings, half of which belong to Pan-American. In the negotiations now going on, the British company will pay for the oil on the basis of the New York price, less tanker rates from Tampico. That is, the prices will be worked back to Tampico from New York base as they take their oil at Tampico. At present they are paying $1.35 and one half the taxes, or about $1.65 a barrel.

"Doctor Dillon went to Mexico under contract with me at $20,000 a year for five years and he was to study the Mexican constitution and write articles which he was to send me. If he agreed with me, I believed the articles might be useful in informing the public. He became infatuated with Obregon and wrote those fulsome articles in the N. Y. *Evening Post* which were really damaging to my interests. At the end of two years I told him what I thought of his actions for a man on my payroll and I stopped his payment at the end of two years. We finally parted.

"I can tell you what probably the Standard Oil people of New York would not like to have known. One half of the gasoline consumed in New England, New York, and the territory east of the Hudson River comes from Mexican Petroleum as Socony furnishes seventy-five per cent of the gasoline here and we are the source of two thirds of their supply."

Chicago, Ill., December 10, 1921.

Called upon John J. Mitchell, head of the Illinois Trust &

Savings which is to be consolidated. The construction of the new building has begun to take the place of the beautiful palace interior building now occupied and covers a whole block. Mitchell says that Texas Oil has a sulphur deposit that was valued by its rivals two years ago as worth more than the entire capital of Texas Oil—then $62,000,000.

Mitchell says they are considering plans to give this sulphur deposit to the stockholders as a dividend after they have put about $5,000,000 into it for its development which will probably be done next year. The Morgans have wanted to buy this deposit, but he could not say that they offered $20,000,000 for it. There is now about $5 a ton profit in sulphur but it has competition with the Morgan concern and may sell lower. Texas Oil is worth today four to six times the share capital or from $100 to $150 for the $25. They have oil lands which the Standard Oil would like to give them $25,000,000 for just a piece, but they think it better to develop them for the stockholders.

New York, about January 15, 1922. Mr. Harry Sinclair said:

"We have four rigs in Angola (Portuguese Southwest Africa). There is no money in going for oil at a minimum of 4,000 feet. The depth is 2,000 feet in Angola and more than 2,000 feet in Costa Rica where we are simply investigating. There will be nothing in Colombia for twenty years. Colombia is not needed now but oil people must look years ahead for supplies. If we get anything in Angola, $2,000,000 will do the business for an Angola pipe line to supply Europe. We need $10,000,000 for expenditures on our refineries at Chicago, Kansas City, and Coffeyville. If we spend $12,000,000 on our pipe line now earning $7,000,000 the earnings will be $15,000,000. We can double the output without doubling the expense; in fact, with an increase of pipe line capacity of one hundred and fifteen per cent.

"$200,000,000 should be put into the oil game the next five years. When the directors ask me how much I propose to buy, I say the roof is the limit. The Sinclair Purchasing Company is the second largest holder of oil today.

"The Dutch want to raise more money here for their oil development. England would have dominated the oil of the world but for the Standard Oil expenditures."

New York, November 9, 1922.

Had one and a half hour interview with H. F. Sinclair at his office on the 29th floor of the Sinclair Building, 55 Liberty Street, to tell him why I couldn't quote Mammoth Oil until I knew about it.

He said he did not care for public criticism. His business was to build up the Sinclair Company. People believed that he was foolish when in the 1907 depression he bought the Sinclair Oil building. He had looked upon it from his offices in the Equitable Building; just put on his hat and went out after it. He paid $2,000,000. It is now exactly what they wanted. It could not be replaced for $5,000,000; today it would cost $4,000,000 for the building alone. The Federal Reserve Bank Building is now building on the other corner.

Sinclair says: "The biggest thing I did was when I went after Teapot Dome.[41] The Standard Oil people and others had been after it for fifteen years. I went out and bought it by agreeing to deliver fuel oil at Panama, Cuba, and elsewhere, to the Navy as they wanted it and have it in store there for them. I am putting down twenty-three wells. I think there are 600,000,000 barrels of oil in the 6,000 acres, but call it 300,000,000.

"I sold the Sinclair Company the controlling interest, 1,000,000 Mammoth shares for 500,000 Sinclair shares. The trade has been fifty per cent consummated. I considered Mammoth Oil was my individual business.

"We don't want to talk about a balance sheet yet. There is perhaps $3,500,000 in the Mammoth treasury, which I figure will do all the drilling necessary and the Mammoth has nothing to do but produce and sell oil to the Sinclair Purchasing Company to go through Sinclair pipe lines which will be extended about 1,000 miles from Kansas City to Wyoming.

"Sinclair is worth $100 a share and more. It has $70,000,000 net quick assets. A year ago it had $7,000,000 or $8,000,000 cash, $45,000,000 of bonds outstanding and owed the banks $12,000,000 to $14,000,000. Today is has $50,000,000 fifteen-year bonds; owes banks nothing, has $40,000,000 in cash, $70,000,000 net quick assets, and $20,000,000 eight per cent preferred stock outstanding. The net quick assets equal the bonds and preferred stocks. Sinclair has put nothing into

[41] Oil structure in Wyoming, a naval reserve leased to Sinclair. Lease revoked by President Coolidge, April 2, 1927.

Mammoth, but has thus far exchanged 250,000 of its shares for 500,000 shares of Mammoth. I expect Mammoth will pay dividends for the first quarter of next year. Sinclair will earn $30,000,000 and is going to $100 and is worth more than that today.

"In Costa Rica we have oil with an asphalt base and with the assistance of a diamond drill have reached 3,200 feet and found the oil, but we may have to drill other wells to take it out.

"Mexico is gone as a producer of oil.

"I don't want anything said about it now, but our experts report that we have more oil in Africa than in all of Texas, Louisiana, and Oklahoma and we have got all kinds of oil there, light as well as heavy. The trouble in Mexico is that there has been no development or wildcatting. You have to keep wildcatting or exploring five years ahead."

New York, December 16, 1922.

Spent the afternoon from four to six with E. L. Doheny at the Plaza Hotel. I asked him his opinion of Sinclair and Teagle with whom he went to Mexico City, also if the record of losses in Mexico by American oil companies were spread on the record.

He said he thought it was available on the records, but he didn't care to express his opinion on Sinclair who seemed to delight in luxurious living. Teagle was a man very well informed on the detail of his business, but sometimes without a broad grasp of a situation because of his attention to details.

Doheny said: "I called Teagle's attention to the fact, which he may later put into his Washington testimony, that the cheapest oil is always produced when prices are high because it goes directly from the wells to the consumer. When oil is low and has to be stored there is the loss by evaporation, the cost of storage, the interest, so that altogether the country loses sixty cents a barrel by storing oil instead of consuming it."

Doheny said he was approached in the Wilson Administration to get the Teapot Dome.

The geological estimate at that time was 135,000,000 barrels of oil in the Teapot Dome and it was being sucked off through Salt Creek and is today. There are only four people

who could bid for this and give the government what it needed —Texas, Sinclair, Standard Oil and Doheny.

"Secretary Fall is a perfectly square man and has made the best possible trade for the government." Doheny is sure [42] that Stewart and Blackmer [43] have divided with Sinclair whatever profit he had.

He believed my position was right in refusing quotation to Mammoth Oil until the public had the facts. If I don't quote it, it will kill it.

"Robert Dollar [44] was mad at me in Los Angeles years ago when I told him the La Follette Act was all right, but didn't go far enough. If we had American ships with only American officers and Japanese crew and we went to war with Japan, Japan would have those ships. If sixty per cent of the crews must be American, why not, I declared, have the government pay directly to those sixty per cent of seamen as a bonus the additional sum to make their wages American wages and then the ship owners would only pay wages on the basis of foreign ship owners. We can produce ships, steel, coal, and oil and everything else as cheap here as abroad. To my mind it is a very simple matter. Just the payment of a subsidy to American seamen to keep them on our ships as a matter of national defense. Then our ship owners and operators will be on an equality with foreign operators. An American ship sailing to Japan should pay Japanese wages and the United States government give a bonus.

"I suppose my family is the second largest family in the world interested in shipping, for the Standard Oil ranks first in shipping and the Pan-American ranks second with its 430,000 tons.

"I don't think Teagle ever lost over $10,000,000 in Mexico.

"Mexican Pete was the first oil stock ever quoted on the New York Stock Exchange and for ten years it was the best seller because in money value and number of shares sold it outranked everything else.

[42] Doheny's opinion on this matter proved to be substantially correct, as both Stewart and Blackmer were interested in the Continental Trading Company through which certain profits were divided. See minutes Senate Oil investigation.

[43] Henry M. Blackmer, living in Paris since the U. S. Senate Oil Investigation. He was fined $60,000 for contempt. Appeal pending.

[44] Pioneer ocean steamship operator, San Francisco. Born, Falkirk, Scotland, 1844.

"I have offered newspaper men several prizes for the best obituary on Mexican Pete when it leaves the Stock Exchange; the first prize to be $1,000."

Washington, D. C., January 18, 1923.

H. F. Sinclair spent Thursday night with me at the Shoreham until 1 A.M. Friday. He doesn't look for any immediate increase in Sinclair dividend.

"Nothing great has yet been developed in Africa, although the prospects are tremendous and the drilling is within twelve miles of the seacoast.

"Costa Rica was drilled to a considerable depth, but only a little oil was found and they will drill another well.

"The price of oil is going up, because the price has been too low. Standard Oil of New Jersey has the largest stock—about 60,000,000 barrels. The Sinclair Purchasing Company has about 30,000,000 barrels. The stock of oil above ground is the largest ever—about a five months' supply instead of as formerly a sixty to ninety day supply—but the oil will all be needed. California and its new fields at Santa Fe Springs and Long Beach cannot affect the rest of the country. California oil is on an independent basis. There are not tankers enough in the world to bring any amount of oil from California to the Atlantic seacoast.

"Two of my directors objected when I announced that I could not vote on the sale of Mexican Seaboard because I was in the Purchasing Syndicate. They thought that I ought not to be interested. I told them I did not believe the sale could be made to the Syndicate unless I was part of the Syndicate. Later I showed them how little I made in the Syndicate and they saw the point. I believe we made a good sale of that Mexican Seaboard, for which we got nearly $10,000,000.

"Of course, the Purchasing Syndicate is not always the selling syndicate. I may not have had anything to do with the selection of Livermore to sell Mammoth. There was a purchasing syndicate and there was a selling operation and others than myself may have selected Livermore. Less than 200,000 shares has been disposed of by Livermore.

"My directors did not object when I proposed that Sinclair Oil give 250,000 shares of Sinclair for 500,000 shares of Mammoth. I gave the Sinclair Company also an option on the same

terms for another 500,000 shares of Mammoth and with it goes 1,500 more shares of the 'A' stock. If this is availed of, the Sinclair Company will control the Mammoth Company yet it does not have to take up the option until the thing is going and profits are showing. But Congress is not asking anything about this option. What they want in this investigation is to make something for politics; what they are really after nobody can tell. They don't know themselves.

"I don't propose to open up my private affairs of the Hyva Corporation [45] and shall refuse their subpoenas to give them all my personal papers. The thing has been tried out somewhat before. Chapman [46] of Moore & Schley went to jail in defense of his rights and later he collected $60,000 damages, for the Supreme Court said he was right.

"I, personally, took the Teapot Dome and made the Mammoth Oil Company; and I am personally responsible under contract to the government for the fulfillment of all the terms of the contract. The Standard Oil of Indiana has nothing to do with it; no partnership in any way with me, except, of course, the Standard Oil of Indiana and Sinclair own jointly the pipe line which is to be extended 900 miles to the Wyoming field, and in the Sinclair Crude Oil Purchasing Company.

"I have agreed to pay Mid-Continental prices for Salt Creek and Teapot Dome products because the oil is worth it and the distance to market is no greater than from other points in the Mid-Continent field.

"This pipe line cannot be finished for a year. They never had such a winter in Wyoming. Snows and blizzards one after another. But we are getting in our pipe line to the ground by sleighs, so when the snow melts and transportation is impossible in the soft ground, we can go right to work putting the pipe together.

"The Salt Creek people are, of course, drawing oil out of Teapot Dome sands. We are drilling right on the border for protection. We will, of course, drill many dry wells around the area of Teapot Dome to determine the limit of oil.

[45] A personal corporation of the Sinclairs.

[46] Elverton R. Chapman, member of the well-known Stock Exchange firm of Moore & Schley, went to jail in Washington, on contempt charges for refusing to testify as to details of market accounts wherein U. S. Senators were named as speculating in sugar shares while a sugar tariff was pending in the Senate. Wall Street viewed Chapman as a martyr. He returned to be the honored guest at banquets and to become a trust company president. Died rich. No record of any $60,000 judgment in his favor, however.

"Although I have turned over to the various agencies of the Sinclair Company—the Pipe Line Company and Purchasing Company—parts of my contract, I am still responsible as the guarantor.

"Of course, if the oil is not there Sinclair is not required to deliver it to Panama, Cuba, and elsewhere to the United States government.

"I must give to the Congressional Committee what the records show as to ownership; but, of course, a stock like Mammoth that pays no dividends may be passed from hand to hand and there is no record of change of ownership with the Transfer Company. Therefore, there is still standing as of January 8, 1,049,044 shares of Mammoth in my name; 500,000 shares in the name of the Sinclair Company, 377,000 in the name of my dummies, and 50,000 shares in the name of Harry Payne Whitney, leaving 23,600 apparently for Livermore distribution. But, of course, these figures do not show the real ownership.

"We have 2,000,000 barrels of Mammoth oil in store and are building one hundred tanks, each of 80,000 barrel capacity, so we can store 8,000,000 barrels."

I asked him about the appearance on the record of 163,500 shares of Sinclair as having been sold by the Hyva Company. He said he could not remember figures and didn't think that was correct.

He said: "There has been no change in the Sinclair capital, except 250,000 shares issued for 500,000 shares of Mammoth and something like 120,000 to 130,000 shares of employees' stock and some stock that went with the preferred shares. The total capital out a year ago was a little less than 4,000,000 shares and is now about 4,500,000 shares."

Chicago, Ill., October 20, 1923.

Met Mr. Fall, ex-Secretary of the Interior, in E. L. Doheny's parlor. He said he had met me in Sonora with Colonel Bill Green many years ago. He said: "The government estimate of output for Teapot Dome was 135,000,000 barrels and not the 400,000,000 barrels that had been talked about. If the people who want to investigate Teapot Dome had ever read the contract they would have known more about the subject; but I don't believe they ever did. It is all in the first page as to the purposes of the government.

"Doheny was right about their being leakages in the Teapot Dome so that the government oil was being drawn off by other parties; but nevertheless there is enough in the Teapot Dome to warrant the investment in the pipe lines and the development.

"Sinclair had to have the property to equalize his supply in conjunction with his refinery. He was top-heavy, with more refining capacity than production capacity. The Standard Oil of Indiana could walk around him because it could buy oil for its refinery at Caspar, Wyoming, at sixty cents a barrel and refine it, while Sinclair was buying oil elsewhere at $1.50 a barrel. But Sinclair took them into partnership on this deal and made them pay the same price to all parties.

"There were only four people in the world who could bid for that oil and carry out the purposes of the government. The location of any supply determines its value.

"The Mexican government got control of majority ownership of the Mexican railroads for $49,000 gold. That was all they paid. Then they issued their own bonds with the pledge of the railroad earnings behind them, and the earnings amount to nothing. Mexico has $200,000,000 foreign debts."

Doheny says: "The farmers are going back to the horse. The trouble with the tractor is it takes a $10-a-day mechanic to run it and keep it in order. At Covington, California, I saw teams with five and six horses and one man behind the plow."

On train from Chicago to Cleveland, October 20, 1923. E. L. Doheny said:

"In the Mexican revolution under Carranza the slogan was 'Death to the capitalists.' It was open season for shooting the capitalists or the people of property who were not supporting the revolution.

"Capitalists fled the country and many of them are now in and around New York.

"Carranza's son-in-law seized the ranch of an American citizen, worked it and shipped the sugar to New Orleans. The owner of the ranch replevined the sugar as his property. The case went to the Supreme Court and the American Supreme Court said, 'We have recognized Mexico and we must recognize her decrees and laws.' An American citizen was refused protection for his own property in his own country and told to

replevin for his property in the country where the seizure first took place, or Mexico. There was thus no redress for an American and his property in Mexico if Mexico declared his property forfeited or confiscated.

"The same issue was tried out again before the Supreme Court and justice denied an American citizen where his cattle were seized in Mexico and their hides shipped into the United States and sold to the Central Leather Company.

"John Barton Payne [47] and Charles B. Warren [48] said, 'Why was not this told us in Mexico?'

"The answer is people tried to tell them but as commissioners from the United States they refused to listen.

"Harding, wishing to please everybody, yielded to the illusion that recognition was just a friendly act and he insisted upon it. Washington has carried out the Harding program and now begins to see its mistake.

"Hoover said, 'Recognition of Mexico without guarantees or treaties was the reversal of the policy of civilization.' Hughes always said the same thing, and recognition should never be had without guarantees while he was in office."

New York, March 5, 1924.

Met Sinclair and lawyer, recently abroad with him, at his office. He said his case was different from Doheny's.

"Doheny, beginning with Creel, put some money into some people's hands who assisted him to get his toes into Teapot Dome. I haven't yet paid those Denver people $1,000,000,[49] but if they under oath testified that they were blackmailing me, should I be allowed to pay it? I am not saying a word for publication and your proof of article here misrepresents me, because I never declared myself a representative of horse racing or speculation and never described myself as a gambler and never gave the interview which you describe where I am quoted as saying that my advice is just the opposite of Rockefeller's and that I approve of gambling in oil or anything else.

"Of course, it is a fact that no oil concern has money enough

[47] Lawyer; chairman American Red Cross, 1921; Secretary of Interior, 1920-21; U. S. commissioner to negotiate with Mexico, 1923. Born, Pruntyville, W. Va., 1855.

[48] Detroit lawyer; head of high commission to Mexico, 1923; ambassador to Japan, 1921-23. Born, Bay City, Mich., 1870.

[49] Testimony in the U. S. Senate Oil Investigation shows that Sinclair paid Bonfils, Stack, and one other of Denver $250,000 in cash and agreed to pay $750,000 more in three months as compensation for certain claims which Stack filed on Teapot Dome.

to prospect the country and find the oil fields in new territory. There must be individual prospecting.

"What is this committee sitting for? Has it any license or authority?

"Do you realize that the purpose for which this committee was appointed has not been crystallized into law? Congress has enacted a statute directing the executive to get back the oil lands and to prosecute civilly and criminally Sinclair, Doheny, and other people?

"Why, therefore, is there any further inquiry? The law has been decreed. The lawyers have been selected to bring the suits and we shall have our day in court and some day we will be heard from.

"I was astonished at the hysteria I found on arriving in this country and all the lies that were being circulated. We were in Paris all the time and didn't leave Paris, although the newspapers reported us as running away to get a rest. They are just eating up this oil stuff on the other side. We were told by the English people that the attacks made on us in the United States would be very helpful to the English oil interests.

"Everything is now a matter of fashion. Sometimes everything is exposed and sometimes you can't see their ankles.

"The government hasn't a Chinaman's chance to cancel the Teapot Dome lease. The only mistake Doheny made was to offer to cancel the lease.

"I know you don't believe we have got anything out there and are against us; but when it comes to figuring final values you have got to take everything into consideration. We made no contract to sell the government, as did Doheny, at a ten per cent market reduction.

"I have explained by public statement all there is that the Sinclair Oil Company takes in the Teapot Dome.

"We are obligated to deliver oil at different points, but it is only the government royalty oil that we have agreed to deliver. If there is no government oil, of course we do not deliver.

"The Mammoth Oil Company owes about $1,700,000, but that will all be paid in a few days, because I am the personal endorser for the payment and will pay as it becomes due—in a few days.

"We are going to have more trouble in oil, for within a year gasoline will be up to twenty cents again, and the oil companies

cannot help it. Next year California will be bringing back the oil she sent out, for she will not be producing enough for her own needs. I look to see California oil production fall off this year two hundred or three hundred barrels a day.

"Higher prices for oil are right on top of us now.

"You are right in the declaration that there were no more than four interests who could bid for the drilling and delivery of the Naval Oil Reserves. I don't think there were four, but they all had their opportunity.

"I did not call on Henry Ford in Detroit with Stinnes. I was not there at that time. Young Stinnes is a very clear-headed young man and his father is a very bright man, but he is not interested in Sinclair Oil shares. He has no interest in the company. But I am selling him oil; he is the great distributor of oil in Germany."

Sinclair said: "We brought in one duster or dry well in Africa and are drilling another. If we get anything it will be easy, for our whole territory lies along the Gold Coast running back eighty miles."

New York, March 11, 1924.

E. L. Doheny called for me at the Ritz-Carlton at ten o'clock. I rode downtown with him and spent half an hour with him until Elisha Walker came in. Mr. Doheny explained how Stack came to him with a proposal to get from Secretary Daniels, through Creel, a lease on Wyoming oil lands. The name Teapot Dome came in later. All that Doheny knew was that there were some oil lands in Wyoming that Stack said he could get through Creel on lease from Daniels. Doheny said:

"Through Stack [50] I paid Creel $5,000. I paid Stack $600 a month for several months, sent him home from California so that he could reach his sick child, and he arrived there the day before she died. At this time I advanced him $2,500. Then I told him that I did not want to go any further, but later he came back and wanted to see me and I sent out one of my men to see what he wanted. He said he wanted to buy out my in-

[50] J. Leo Stack, Denver newspaper man, previously referred to. Testimony on this head it appears was taken in the U. S. Senate oil investigation at intervals from February 1 to February 12, 1925. On February 12 Mr. Creel called himself an "idiot." On that day he testified that he told Stack: "I would like to render an account and make any return but he said I had wasted five or six weeks but it was O. K. with him." It appears that Creel was not aware it was Doheny's money that Stack was passing out, as Doheny testified he never talked to Creel.

terest in the Wyoming oil lands, now known as Teapot Dome. I understood that I had quit and was not further interested, but as he insisted on paying me back the $7,000 I had advanced him I took it, but I did not get back the $5,000 from Creel.

"Fall never had anything to do with the lease of these California oil lands, never made any of the negotiations. If you will read the report of the hearings on the leasing of the naval oil reserves, Part 4, Admiral Robison takes to himself the whole credit of starting these negotiations. They were not started through Fall. They were started through Admiral Robison,[51] and Fall was not in Washington when this contract was negotiated. He was in New Mexico. Robison takes the credit to himself for this plan and how it was carried out.

"Finney,[52] the assistant secretary, signed the lease and Fall never negotiated a solitary thing from the beginning to the end. Admiral Robison with two men from the Bureau of Mines negotiated the lease.

"The Interior Department had facilities for handling land matters and the Navy Department did not, but when it came to Pearl Harbor the Navy engineers could handle that and the Interior Department was not in it. The engineering company of J. G. White did the work there, representing us but entirely under the navy engineers.

"My offer to cancel the lease was withdrawn the moment the proceedings were begun. I don't dare to tell you how weak the government complaint is. It could be swept off the board as you would sweep a paper off this desk.

"Private parties are opening up a territory on the northwest corner of this Naval Reserve No. 1 that will cause a pretty good oil flow, develop a large territory, and exhaust the government oil in the adjoining reserves.

"I don't know anything about what Sinclair did in Wyoming with those Denver people, but I think we had a similar situation in California. There was a claim set up by the Midland Oil Fields Company on Naval Reserve No. 1. They wanted us to buy out but I declined and I told Fall that if they had any claim he ought to recognize it by leasing them a strip, which

[51] Rear Admiral Samuel S. Robison. Member General Board, Navy, 1923; Commander 13th Naval District. Born, Juniata Co., Pa., 1867.

[52] Edward C. Finney, appointed first Asst. Sec. of the Interior, 1921. Now Solicitor of the Department, and as such testified (March, 1930) in the Doheny trial. Born, Milton, Pa., 1869.

he did. Then they spent $600,000 on it and I bought them for $700,000. Oil in California is double in value from the low point. There are different grades, but the low point I think was seventy-one cents a barrel and oil is now selling in California at $1.60, but it may not be the same grade. On the whole I think oil is double from the low point in California.

"I don't know why they let Denby [53] go and I think it was a mistake. What they want to do, of course, is to crowd the White House. The public mind has been worked up by this Senate committee and the Senate is legislating something with no facts. The Senate has really made a decree and ordered the Executive to cancel the leases and prosecute civilly and criminally; an inquisition is now sitting either to gather evidence or stir up the public. They have legislated where they have no facts to sustain them and they must try to find some. It is a mob of vigilantes headed by Walsh and they hope to get that mob through to the White House.

"The old rule used to be that men were innocent until they were found guilty. Now the Senate and the committee declare men guilty until they have proved themselves innocent. The old common law seems to have been reversed now in Washington.

"The politicians must arrest prosperity in this country or the administration will get the credit for it. We are certainly going to fight and I presume the trial will be in Washington or the East.

"We sold the British Mex Pete and got our $3,500,000 the last day of December, which made our cash easy. We sold for about fifty cents on the dollar of what we invested but we came out even on the whole when you add to the $3,500,000 the profit on our sales of gasoline.

"My stock of Pan-American is in my box and I have not sold a share. The Standard Oil has never bid for this property, but from 1912 and especially in 1919 we have had big offers for Mexican Petroleum. Gulbenkian of the Royal Dutch and Shell made big offers for it in 1919.

"I have never paid Enright of the Boston *Telegram* anything or ordered his paper sent out. It is not true that I have any idea of backing him in a New York paper."

[53] Edwin Denby (1870-1929). 59th to 61st Congresses; Secretary of Navy, 1921-24.

New York, June 5, 1924. Dined at 15 East 84th Street with Mr. and Mrs. E. L. Doheny, Mr. and Mrs. Wylie, and Lord and Lady Inverforth. Inverforth said:

"The Labor Government is the best government we have had and the most conservative. It is doing things and fulfilled the pledges of previous administrations when it took the duty off motors.

"Sir John Ellerman may have been very wealthy at one time, but with the decline in shipping he is passing out.

"Lord Pirrie, who sails with me a week from Saturday, is probably the richest man in England and he has no heir or kin to whom to leave his wealth. He told Lloyd George in my presence that if he had not accepted Checquers [54] as a residence for the Prime Minister, he would have donated his own estate for that purpose. It is one of the most beautiful estates in England. He was contemplating doing it when Lloyd George accepted Checquers.

"Lord Cowdray is amusing himself by building a new shipping port and industrial center on the Thames about twenty miles below London. He is very democratic and while his wife has a motor in London Cowdray rides in the public bus. I recently overhauled him with a new car and invited him to ride along with me. Later I complained to my chauffeur that the car was a bit dirty as Cowdray had been smoking. My chauffeur responded, 'What can you expect from people who ride in busses?' "

Doheny said he wished there was some way by which he could get the map in the Pan-American annual report issued that night before the whole country. He declared it the greatest campaign document the Republican party could put out, as it showed how the Democratic Administration under Daniels had permitted the Pacific Oil and the Standard Oil people to take out 50,000 barrels of oil a day right on the boundary of the Naval Reserve. The moment Denby came in he called for bids for offsetting wells, and Doheny got the contract and drilled to save the Naval Oil Reserves.

"The big mistake Coolidge made was in not standing by Denby. Denby should have been upheld, for everything he did was right. As he said to the people of Michigan recently, if

[54] Checquers Court, the country residence of the Prime Ministers of Great Britain, bestowed on the nation by Lord Lee of Foreham.

a pistol were at his head and he was told that the result of a repetition of his action as Secretary of the Navy would be the forfeiture of his life, he would do it all over again and in exactly the same way in defense of the nation's oil reserves."

New York, June 13, 1924.

Met Frank J. Hogan [55] of Washington with E. L. Doheny. Went over the situation and we all three agreed on plans. Doheny said he was agreeable to anything Hogan would pass and he hoped Hogan would pass my plans. Doheny said: "I went into Kingston, New Mexico, in 1880, locating mines there. I laid out the town of Kingston in the fall of 1882. Mr. Fall came in 1886, which fixes the date of my first acquaintance with Fall at about thirty-eight years ago."

New York, June 17, 1924.

Saw H. F. Sinclair at his office at 12:30 and left him at 1:40. He said as to Walsh's statement in *The Outlook* for May 21 that it was part of his Teapot Dome lease that Sinclair should settle with the underlying people and he, therefore, paid the Pioneer Oil Company $1,000,000 to quiet title. Then he found that the Denver people had a claim under that. He denounced them in the very room where we were sitting and said he would never pay them a cent. But his lawyers cooled him off and rubbed him down; under advice of counsel he agreed to settle with them.

"Teapot Dome is now producing about 4,000 barrels a day.

"The pipe line of 700 miles was put into operation and tested out without losing more than 200 barrels of oil—a most remarkable record. It was built in less than a year and largely in the winter. Of course, I wanted to raise the price of oil in Wyoming forty cents a barrel so as not to have it pull down the price of Mid-Continent oil.

"Wahlberg [56] resigned and is no longer with us. As a foreigner he did not understand what the Roosevelt people were trying to do with him.

"Mathey [57] told you correctly. There were checks aggre-

[55] Attorney who defended Doheny when the latter was acquitted of attempting to bribe Fall in March, 1930. Born, Brooklyn, N. Y., 1877.

[56] G. D. Wahlberg, once private secretary to Harry F. Sinclair.

[57] Dean Mathey, now a partner in Dillon, Read & Co. Executed the notable flotation of Amerada Corporation, through which Cowdray's American and Canadian interests were disposed of.

gating $68,000 that I signed the day before I went to Europe so as to close up everything. These checks were on Wahlberg's desk. One was for $25,000 which was the salary of my horse trainer, Sam Hildreth,[58] and the other was for $43,000 to Hildreth for his part of the winnings. Those checks are now down in Washington in the evidence, but the public never got the facts. Young Roosevelt insisted they were to go to Fall's foreman and said Wahlberg told him so, but Wahlberg denied it.

"The Roosevelt boys called Wahlberg on the telephone at one o'clock at night and told him he would be arrested and he must go down to Washington and testify. He thought he was going down there to help the Roosevelt boys, but they could not make him testify as they wanted. He declared he never said those checks were to go to Fall's foreman.

"The Grand Jury had adjourned until Friday. They have had Denby before them for two hours and Admiral Robison before them an hour and three-quarters. It wasn't the government that had these people testify; it was the Grand Jurors themselves who insisted upon investigating and getting the facts, and they haven't found a thing on which to base an indictment. Or anything on which to base the civil suit."

New York, June 17, 1924. Lunched at 2:30 with E. L. Doheny. He said:

"It is perfectly true and at the right time I am willing to declare that I never negotiated with Fall concerning any oil leases. Neither did Denby nor Fall make the negotiations. The subordinate officers all around made the negotiations.

"We have 1,500,000 barrels of oil in storage at Pearl Harbor[59] and 2,700,000 barrels ready to send there. The tanks will be completed on the 21st of this month, and the government wants the oil, but when another branch of the government is attacking our leases and contract, how shall we move the oil? This is troubling the authorities at Washington.

"We (the United States) could never have taken our stand with Japan except for that oil being at Pearl Harbor, in the Hawaiian Islands. Now Japan is helpless against us, for the United States Navy could crush the Japanese Navy from an oil

[58] Samuel C. Hildreth, famous trainer in charge of the Sinclair stables; died, 1929.
[59] Hawaii naval base.

base in the Pacific. (Pearl Harbor is 2,000 miles from Los Angeles and a little more than 2,000 miles from Japan.)

"I told the President we would go ahead and complete Pearl Harbor according to our contract; I have personally agreed to protect the government and the company."

Chicago, Ill., June 18, 1926.

Later in the afternoon I had a little time and called upon Stewart [60] in the Standard Oil Building on Michigan Boulevard. Graham is building another building for him. Stewart said the Standard Oil of Indiana only paid $4,500,000 into the Pan-American. Doheny sold his control for $35,000,000 with a right to buy for $25,000,000 the California property.

"About a year ago on an ocean steamer I and Elisha Walker heard that Doheny might sell, and since my idea has always been, from the time I took the Midwestern Refining, that an oil company ought to have a large oil reserve back of it, I looked over the Doheny properties.

"We shan't have any advantage in our position except to know where we can get oil. Elisha Walker is one of the prospects of that control, and I and my man are the other two. Venezuela is a place for reserves many years hence. Doheny told me he wanted to buy or sell to the British Mex Pete, so he named a price. He did not think they had money enough to buy and would sell, but they took him up and bought. British Mex Pete put money in Venezuela and Largo. Then about a year ago Pan-American brought together the British Mex Pete for about $10,000,000. I think some of the stock was bought in the open market.

"I have no interest in Teapot Dome. Sinclair showed me the contract and I said, 'Oh, hell! You have got to give me $20,000,000 to undertake that contract.' It was a fool affair and Teapot Dome is not worth a dime."

Then with W. G. Bierd,[61] President of the Chicago & Alton, and spent a half hour.

Chicago, November 19, 1926. Robert W. Stewart of Standard Oil of Indiana says:

"Pan-American will earn between $29,000,000 and $30,-

[60] Robert W. Stewart, chairman Standard Oil of Indiana.

[61] President and receiver of Chicago & Alton R. R. since 1914.

000,000 this year, or $10 per share, exclusive of more than $2 per share from Largo. They have $24,000,000 cash in the treasury including Largo's cash."

"If Calles [62] does not back down there is only one thing for Coolidge to do, withdraw our Minister and recognition, and lift the embargo against arms into Mexico. If the Catholics could have had arms lately, they would have made short work of Calles and his government.

"Obregon and Calles agreed that each should succeed the other. The present Constitution of Mexico decrees against a second term. By that agreement they tried to get around it."

Battle Creek, Mich., April 27, 1927. Riding between Kalamazoo and Battle Creek with Henry L. Doherty,[63] Mrs. Eames and E. L. Doheny's lawyer, F. R. Kellogg.[64] Kellogg said:

"Doheny and I have been very much broken up over the Supreme Court decision. We did not dare to put Doheny on the stand in advance of the criminal cases. We fought hard to have the criminal trials first, but judges pay most attention to government attorneys, and they won in their choice of having the civil suit first. This forced us to keep Doheny off the stand. We did not dare take the risk considering Doheny's explosive nature, as we fully explained to him.

"Doheny is now in rather bad physical shape and broken-hearted over this stigma on his honor."

I said: "What I have tried to get Doheny to do is to come into conference with me at Washington, or somewhere without my going as far as California, so that I might say to him: 'Doheny, you are a patriot, always fighting for your country and for the defense of the Pacific Coast.

" 'You have performed the greatest public service that any patriot could perform for his country. Without conferring with friends or lawyers, you went before the Investigating Committee at Washington after you had failed at El Paso to induce Fall to return and tell the truth to the committee. You demanded a hearing because you would not stand for a lie, that was probably told with good intention for your defense, or to keep you and your name and your interest out of politics and

[62] Plutarco Elias Calles, President of Mexico, 1924-28. Later Provisional President.

[63] Henry L. Doherty, head of Cities Service Co., etc. Born, Columbus, O., 1870.

[64] Frederick R. Kellogg, lawyer; Kellogg, Emery, Inness, Brown & Cuthell. Born, Middlebury, Vt., 1867.

the hands of politicians who were looking for oil dirt for campaign purposes.

" 'You told the committee the truth, you exploded an oil scandal upon the country, and you blew McAdoo out of the Presidency. McAdoo had millions of dollars behind him in New York, and if nominated could have carried that State. He had the Solid South, in which he was born, possibly the Pacific Coast where he resided, the railway employees of the country whose wages he had increased one hundred and twenty-three per cent and the farmers of the Northwest to whom he had promised everything; and at the expense of the government he had put his name on every United States government coupon, destroying bonds and coupons that had been printed without his name. He had encircled the country and the National Treasury to capture the Presidency.

" 'Charles M. Schwab after a tour over the country told me that McAdoo would go into the National Convention with more votes than any other candidate, and he did. But the shouts of oil, oil, oil—oil, oil, oil—oil, oil, oil—drowned his name and submerged his candidacy.' " (Kellogg says, "Yes, no doubt of that.")

Mr. Kellogg said: "There was absolutely no relation between the Elk Hills Naval lease and the Pearl Harbor business, and the letter which Doheny signed before the Elks Hills Naval lease or Pearl Harbor was ever thought of or brought to his attention. This letter referred to some strip leases which Doheny had taken, as had other people, to protect the Naval Oil Reserve where the Standard Oil had drilled on the side lines and taken the government oil.

"When Doheny drilled under these leases, in the interest of the government, he found the Standard Oil had gotten the oil, and his leases were unprofitable. He therefore wrote to the Washington authorities and asked for compensatory leases by enlargement of the territory, that his drilling in the interest of the government might not be made unprofitable and fruitless. In one of these letters he speaks most innocently of these possible future leases to be awarded. This was a most innocent and routine letter, and Doheny, as you say, Barron, was astounded when he was later confronted with the date of the letter and the date of his loan to Fall.

"I blame Fall for putting Doheny in such a position as ask-

ing him for a loan to be made practically without record by having it sent in bills."

I said: "Why shouldn't Doheny face the situation mentally? And say: 'Yes, I have been shot by the Supreme Court, but I have helped to save and defend my country in many ways, and as a patriot I will take my medicine without a murmur or regret. It is perhaps in the public interest and the interest of the Supreme Court, and the interest of public sentiment, to have me innocently sacrificed. Let me be happy in the sacrifice'—and then let Doheny go about his business conscious of his sacrifice."

Kellogg said: "You can do more to help Doheny in this respect than anybody else."

F. R. Kellogg said: "Doheny is a brave man, and he ought to be able to face the Supreme Court decision. I have seen him in very ticklish situations but he never quailed."

Newcastle, N. H., August 9, 1927. G. P. Whaley,[65] President of the Vacuum Oil Company, said:

"Boris Said brought this Russian oil business to us; although he cannot go into Russia, they like him and the Soviet representative over here in New York likes him and we trust him.

"In 1922-23 the Standard Oil of New Jersey proposed to the Vacuum Oil Company and the Standard Oil of New York that they join a group to buy Russian oil. The Anglo-American Oil Company and the Royal Dutch Shell were of the group.

"Deterding got one half of that oil and we got perhaps the majority of the other half. Anglo-American Oil and Standard Oil of New York got the balance. The Standard Oil of New Jersey did not buy much of anything and they did not need it.

"Several months afterward when our supplies were getting low we inquired when we might expect more Russian oil and were notified that it had been determined not to buy any more. Then the Vacuum and the New York company continued to buy Russian oil and have been buying it ever since.[66]

"The recent discussion comes up, I presume, over renewal of the contract. The Department of Commerce has just sent

[65] Also, director American Petroleum Institute, and trustee of the Equitable Trust Co.

[66] March 14, 1930, the New York *Times* published a news story that the truce between the Shell interests and Standard Oil was about to be broken by the Standard's invasion of India.

out a circular, which you can get from the wool people, suggesting that they now buy Russian wool, as it can be had advantageously since England is not now buying. Nevertheless, the United States Chamber of Commerce replies sharply to a suggestion from Ivy Lee [67] that they establish a bureau abroad to promote Russian trade, that the directors of the United States Chamber of Commerce have voted that they want nothing to do with Russia in trade so long as our government refused to recognize Russia; they mean to back up the government. This is all nonsense, for trade is one thing and politics another, as Hughes declared. The English want to promote their own trade with Russia, although they threw out agitators and politically would not recognize Russia.

"This talk from Deterding is all nonsense, but we will not be personal in our replies and have concluded that there is nothing further worth saying, and have cabled our representatives in England not to continue the argument, which is only playing Deterding's game."

[67] Ivy Ledbetter Lee, advisor in public relations and publicity expert to Penn. R. R., Bethlehem Steel, John D. Rockefeller, and other large interests. Born, Cedartown, Ga., 1877.

Chapter Fourteen

THE HOLY LAND AND SOME NOT SO HOLY

C. W. B.'s 1923 journey, along paths hitherto unbeaten by him, was inspired primarily by the discovery of King Tutankhamen's tomb. This event aroused his curiosity, and he descended upon Egypt with an excitement which found vent in long cablegrams to his papers.

The toll bill on one of these dispatches surpassed anything on record in financial journalism; we cite it as testimony to Mr. Barron's slim regard for money for its own sake, and his impetuosity which, for the moment, held King Tut the most important personage of the day, even for distant financiers.

What might have been a lonely journey became a delightful one when C. W. B. encountered his old friends, Mr. and Mrs. William Boyce Thompson. In the Thompson's special car he extended his route; the readers will hear these two veterans of the American stock market discussing Sinclair Oil as they walk under the stars in Damascus, perhaps in the Street called Straight.

This is the last ocean journey recorded in the notes. He made other journeys but either took no notes of them, or the notes have not yet been found.

Sanitarium, Battle Creek, Mich., February 1, 1923. Dr. John Harvey Kellogg said:

"You are short-breathed and your lips are blue and you must take time to pull the fat away from your heart or you will find yourself still further pinched in. You should have 350 to 400 cubic inches for expansion of breath in your lungs." (On test found it 200.)

Aboard S. S. Olympic eastbound, February 10, 1923. F. H. Prince [1] says:

"Morgan left only about $50,000,000 at his death and he owed the Duveens, art dealers, $6,000,000.

[1] According to earlier Barron material recently brought to light, there was no love lost between Mr. Prince and the elder Morgan. Their railroad ambitions sometimes crossed.

"There is at least one billion dollars of German money in the United States and there are other billions in other countries.

"The president of one of the big German banks, almost as big as the Deutsche Bank, said to me: 'Our entire capital is in South America. All we have here is our building, which they cannot take from us, and debits and credits in marks, one balancing the other.'

"I believe Stinnes wanted the French to go into the Ruhr to protect his property. There has been no real government in Germany.

"I am astonished that people do not see the danger of a panic in the United States when Germany makes a settlement and says to the United States, 'Loan us two billion or we will take a billion of gold out from under you.'

"Stinnes has brought up the industries of Germany and Central Europe at small cost and now wants protection. Some day he will get the right settlement, a government and a new currency.

"The trouble with the railroads in the United States is in their terminals. Newman [2] proposed a $10,000,000 construction for the New York Central in New York. I said, 'Make it $100,000,000 and it will be a profitable investment.' He did."

Prince says: "Frick left only $75,000,000; $20,000,000 to his daughter, $5,000,000 to his wife, $10,000,000 to Harvard, $10,000,000 to Princeton, $5,000,000 to Technology,[3] etc., but specified that inheritance taxes should come out of his charitable bequests, which cut down the educational bequests to ten or twenty per cent. Neither Frick, nor anybody else I ever heard of, were successful speculators."

February 12, 1923. Coué [4] in B-40 with twelve of us says, as he pressed my left knee:

"Rub it and say, '*Ça passe, Ça passe.*' Close your eyes and say rapidly with the lips but aloud, 'Every day and in every way I am better and better.' "

Later he said: "When you want to go to sleep say it twenty times aloud, but don't think about it. When you think about it you are working."

[2] William H. Newman (1847-1918), president New York Central & Hudson River R. R. 1901-09.

[3] Massachusetts Institute of Technology.

[4] Emilé Coué (1857-1926), French healer by auto-suggestion whose vogue was then at its height.

February 13, 1923. Sir Robert Horne,[5] talked with me for two hours. He said:

"I think a German settlement is not difficult if only France could be brought into line. The United States and Great Britain could bring her into line. Her action with Turkey at Lausanne was most treacherous. She will get nothing out of the Ruhr. You must put hope into Germany before you can restore her trade and the world will not be right until Germany is back in the world's industries.

"You are absolutely right in your thought that we did not want to reduce our taxation program until we had made a settlement with the United States. We believed it right to face the problem at the earliest moment and put on the tax burden. Indeed, in my budget I had planned for £50,000,000 payment to the United States, but I am glad we have settled at £31,000,000 per annum, but I wanted to be provided against all contingencies. This is what I wanted to see you about when I arrived.

"In May, 1921, we came very near a settlement with Rathenau [6] and Briand.[7] I said to Rathenau: 'How can you expect to do anything when you are selling coal at ten shillings a ton below the world price and giving a subsidy of £60,000,000 per annum, and your railroads have a deficit of £25,000,000?' He agreed to reform all that and made a schedule to do it, but they did not stabilize the mark and it continued to fall so that his budget fell. The Lloyd George plan was a settlement at two and a half billion sterling as a definite sum for Germany to pay, but a moratorium of one year. The French would not agree to a year moratorium; that is all that prevented a settlement at one time.

"I ought to know something about finance, as I have met everybody worth knowing in the world. I am now vice-chairman of the Board of Baldwins, Ltd. We have too much capital and need some of the Schwab management. I am just arranging—and this is most confidential—to have the Bethlehem Steel people give us a management in Canada and we will furnish the plant and the capital." (Later Schwab told me he

[5] Chancellor of the Exchequer, British Cabinet, 1921. Iron and steel manufacturer, Baldwin's, Ltd.

[6] Walter Rathenau, German engineer and statesman. Assassinated. (1867-1922.)

[7] Aristide Briand, French statesman, several times premier, now minister of foreign affairs. Born, Nantes, 1862.

was arranging to ship them plates from his Bethlehem plant, but Horne had to go back to England and get approval of the plan.)

"I consider Mr. Schwab one of the most remarkable men in the world and his organization one of the strongest and best. He has a lot of young men with great energy."

S. S. *Olympic, February 13, 1923.* D. H. McDougall,[8] British Empire Steel Corporation, introduced me to Sir Newton Moore, vice-president of Besco, born in Australia, who said:

"The Germans own up to £650,000,000 in foreign countries. I have recently returned from the Ruhr. I told them that when I went to the Hamburger Hoff in Berlin and found it was Stinnes I looked across the Binnen Alster and saw the sign of the Stinnes Steamship Company. I bought a newspaper and found it was a Stinnes paper. I thought somebody was making money. I knew they had been selling steel at twenty pounds a ton that cost them only five pounds. When I look at my own native land with 65,000 men dead from war and nearly 160,000 wounded and think of Germany, I believe somebody ought to pay and has the wherewith to pay and it should not be all Britain, which has just contracted to pay $500,000 every working day in the year for more than sixty years. I told them I hoped the French would be able to get something out of the Ruhr."

S. S. *Olympic, February 14, 1923.* Guy Lowell said:

"Andrew Mellon [9] has one certificate in his box valued in the market at $350,000,000. It is Gulf Oil. Some people think he is the second richest man in the world.

"Davis [10] was the son of a Boston preacher. He graduated from college, did hard labor for two years, and then in Pittsburgh began some little real estate deals. He went into Mr. Mellon's bank and said: 'I want to borrow $200. I will tell you the worst. I am a college graduate and the son of a minister, but I mean to pay.' Mellon made him a personal loan and kept track of him and loaned him more. When Hall[11] invented the

[8] Donald H. McDougall. Then president, Nova Soctia Steel & Coal Co., now president of McDougall Engineering Co., Ltd., Toronto. Born, Cape Breton, Nova Scotia, 1879.

[9] Secretary of the Treasury since 1921. Trustee Carnegie Institute and founder, Mellon Institute of Research. Born, Pittsburgh, Pa., 1854.

[10] Arthur V. Davis, president Aluminum Co. of America. Born, Sharon, Mass., 1867.

[11] Charles Martin Hall (1867-1914) invented the basol method of modern aluminum reduction within a year after his graduation from Oberlin College. Born, Thompson, Ohio.

aluminum process, Mellon selected Davis to be the manager. Hall got what inventors don't usually get as the reward of their labors, and left $20,000,000 in trust for the promotion of education, with Davis as sole executor."

S. S. Olympic, February 14, 1923. Dr. Henry Van Dyke[12] says:

"I have written twenty-five or thirty books and receive royalties of between $15,000 and $20,000 a year and charge nothing for my preaching to colleges and other institutions. My best seller was *The Other Wise Man.* It has been translated into every civilized tongue and some uncivilized and more than a million copies have been sold. It is the story of the man that didn't go with the other Three Wise Men. My second best seller was *The Blue Flower* and the third my poems. I am seventy years old, with a cracked heart, but take my daily exercise and am interested in prolonging my life and usefulness, for I am interested, as an old-fashioned Presbyterian, in the work of the Man of Nazareth."

End of the day.

At 8 A.M. the *Olympic's* propellers stopped for a minute while the body of a three-year-old child, that took pneumonia on the boat, went overboard. At night the stars were brightly shining.

London, February 20, 1923.

Had twenty minutes chat at Hyde Park Hotel with Ambassador Harvey[13] in his parlor. He takes a gloomy view of England's outlook and said he had been working for a debt settlement with the United States for a year and a half, telling the English there was no possible way of progress for the two nations in harmony except by settlement; that this was the foundation of international prosperity.

He said: "We got the thing settled at the psychological moment. If the settlement had been delayed we would never have gotten a cent. Bonar Law weakened and withdrew his assent to the settlement, which caused the Mission and myself to hurry

[12] Author, poet. Professor of English Literature, Princeton, 1900-23. Minister to the Netherlands, 1913-17. Born, Germantown, Pa., Nov. 10, 1852.

[13] George Brinton McClellan Harvey (1864-1928); editor and diplomat. Ambassador to Court of St. James, 1921-23. Born, Peacham, Vt.

back to England. Bonar Law said he could not see his way clear to pay, but his cabinet pushed it through."

Aboard S. S. Semiramis, February 24, 1923. R. F. Wilson [14] of McCall's says:

"I have been engaged in getting out six volumes in conjunction with the Assistant Secretary of War under Wilson descriptive of our war industries.

"Our war plans were not made for 1918, but for 1919 and 1920. At the close of the war we had thousands of candles about six inches in diameter and two feet high which would give off an arsenic smoke fatal at ten miles distance. It depended, of course, on the wind. If the combustion is perfect it would turn to harmless gas, but as smoke it was tremendously destructive and would have been very effective against the Germans."

An English judge from Jerusalem on the *Semiramis* tells me that he has great difficulty in administering justice to get an effective oath from the Mohammedan Turks. If, however, they are sworn on the tomb or by the tomb of some local saint they will then tell the whole truth, but it is difficult to go around hunting up the tombs of local saints.

Haifa, March 5, 1923.

Had honey from the Garden of Gethsemane. Spent an hour at the home of Colonel Robert Blake Holmes, O. B. E., General Manager of the Palestine Railway.

Many Jewish colonies noted throughout Palestine, largely planned years ago by Montefiore [15] and Lord Rothschild.[16] Their cultivation, orchids, and buildings looked very well, but the Montefiore Jews, it is said, do not like the new comers from Poland, of which perhaps 100,000 have come in. The Turks say, "Let them come in and cultivate and make the fields and gardens and then we will take them."

Holmes says: "Sir Alfred Mond [17] won't put up any more

[14] Captain. Historical Section, A. E. F.

[15] Sir Moses Haim Montefiore (1784-1885); eminent Jewish philanthropist. His work has been carried on by Charles Joseph Montefiore, president Anglo-Jewish Ass'n, 1896-1921.

[16] Of the great banking family of London and Frankfort-on-Main.

[17] Baron Melchett of Landford since 1928; baronet, 1910; metals and utilities; minister of health, 1921-22.

money and the Rothschilds are sick of their Jewish investment in Palestine. The Rothschilds have been badly advised."

Damascus, March 7, 1923. Consul Charles E. Allen [18] says:

"The French say Charles R. Crane gave $1,000 to Dr. Shahbender.[19] It was a year ago, or April, 1922, that Charles R. Crane arrived in Damascus and there being no entertainment—theaters or dances—he naturally was entertained by the people here educated at the American College in Beirut. The Americans are very popular here because of the education they have given to the Syrians. Dr. Shahbender was educated there. The years of American philanthropic enterprises have impressed the Syrian people and the French fear the American influence.

"Shahbender and five or six hundred associates saw Mr. Crane off at the railway station in the morning after his entertainment and speechmaking. There were no arms and the police notified them to disperse, which they did. But that night the French arrested Dr. Shahbender and six others and the trouble began, with rioting and the closing of the stores.

General Gouraud,[20] the French High Commissioner, was at Beirut, and it is believed had no knowledge of the arrests. He had then to back up his subordinates or go back on them and he elected to back them up. Rioting continued for several weeks intermittently and the shops were closed for three or four days at a time. Dr. Shahbender testified on trial that he made no speeches, only interpreted Mr. Crane's [21] addresses. The $1,000 check was from Mr. Crane to assist in the education of two young ladies from Damascus. Nevertheless all seven were sentenced to twenty years imprisonment. Some have been released, but Shahbender is confined in a fortress on a small island off the coast of Syria. He was a member of the cabinet in the preceding government and is perhaps considered by reason of his education and ability somewhat dangerous for the French occupation. The streets were filled with machine guns and in firing over the heads of the populace one man was killed."

[18] Of Kentucky; transferred to Constantinople a little later.

[19] Dr. A. Shahbender, former minister of foreign affairs of the Syrian State of Damascus under King Feisal. Came to U. S. in 1924. See p. 246, *Current History*, May, 1924.

[20] Henri Joseph Etienne Gouraud, military governor of Paris; commanded army of Orient, 1918. Born, 1867.

[21] Charles R. Crane was American Commissioner for Mandates in Turkey and head of the Crane mission. U. S. Minister to China, 1920-21. Born, Chicago, 1858.

At the trial Crane was referred to as the "Delegate," which in Arabic means "apostle."

W. B. T. [22] said, as we walked in Damascus last evening, that he lost $3,000,000 in Sinclair. The stock cost him above 40 and he sold the last of it when he learned that the Sinclair Company did not own the Mammoth Company. Yet he doesn't know that the Mammoth Company has any great value. He doesn't believe in that kind of individual business.

Bought at Damascus

3	Rose pillows 600 years old for	£ 6
1	Old robe and two little table covers	£ 5
1	Bokhara table cover (paid down £5) ...	£15
1	Tarbouche with tassel	$ 2
1	Tin box for same	$ 1

Baalbeck, March 9, 1923.

W. B. T. is fooling with Samuel Untermyer and the heirs of Abdul Hamid,[23] who is supposed to have left $200,000,000 and twenty-one heirs or interests. Thompson proposes that the French shall have a quarter interest, the English a quarter interest, and the Americans a quarter interest and the heirs a quarter interest.

Cairo, Wednesday, March 14, 1923. Dined with the Thompsons and Colonel W. H. J. Thornton and Colonel and Mrs. T. Gerard Hetherington. Colonel Hetherington [24] says:

"Expenses of administration in Irak have been reduced from £52,000,000 per annum to £8,000,000 by the use of the airplane. We have two squadrons each of ten airships and each airship can carry twenty-five men with their guns and ammunitions, so that we can put an effective army of 500 men in the air. We can take them up and we can put them down and we can drop bombs from the air. When the warring natives run from their villages and hide from us we can drop bombs in their villages with delayed fuses that will explode later. These people know only terror, force, and superstition."

[22] William Boyce Thompson.

[23] Abdul Hamid II, Sultan of Turkey, 1876-1908. Born, 1842; died in exile.

[24] Wing-Commander, Order of the British Empire, since 1926. Air Service attaché at British Embassy, Washington.

Rome, March 19, 1923. W. B. T. and I called upon Ambassador Richard Washburn Child. He said:

"I saw Mussolini [25] as the coming man before he was in office and made his acquaintance. I was with him at his lodgings at the Lausanne Conference when he pointed out of the window to a wharf in the lake and said: 'See that wharf? I slept there the night before the policemen of Switzerland turned me out of the country.' "

Many American delegates here for International Chamber of Commerce meeting. A British delegate, Sir Felix Schuster [26] says: "I think England will soon talk to France something like war-talk; but I don't think there will be any war, although there may be in a few years something that will look like war between France and England if France proposes to run things along."

Rome, March 23, 1923.

Attended, 4:45 P.M. reception given by Ambassador Richard Washburn Child to the International Chamber of Commerce, and had three brief talks with Mussolini, through Mr. Child and an interpreter. I am to send Mussolini some of my writings.

I congratulated Mussolini on his speech declaring he and Mustapha Kemal Pasha [27] were leading the nations back to work and sound economics. He said, laughing, this was too much to say. He said he wished for an economic union between Italy and the United States. I told him that we already had one nobody could undo, as we had so many Italians in the United States.

Paris, March 25, 1923. Bronner [28] of Blair & Company says:

"I don't believe in this Zionism program for Palestine and I think Lehman doesn't believe in it after being at Jerusalem. I doubt if Untermyer believes in it.

"They have plans for a $1,000,000 hotel in Jerusalem and say they would get the water because they would have priority along with the schools and hospitals on the water.

[25] Benito Mussolini, Italian dictator since 1922. Born, Dovia, Italy, 1883.

[26] British banker, created Bart. 1906. Member of Council of India 1906-16. Born, 1854.

[27] Turkish reformer and ruler; defeated Greeks, 1922. Born, 1879.

[28] Harry Bronner, partner, Blair & Co.; many directorates.

"The impression made upon me at Jerusalem is that Jerusalem with its absurd relics causes religion to be laughed at and become a joke."

London, April 10, 1923. J. H. Thomas,[29] the leader of the railway workers, says:

"I have recently been through the Ruhr. 10,000 French or 40,000 Frenchmen trained for six months would never be able to operate that complicated system of tracks. There is a collision every day in that district, of which you never hear anything in the papers.

"The Germans fooled the French at the start. In that track system the Germans ran loaded cars of coal right around in a circle and the French kept counting the same load of coal as production."

Lord Ashfield[30] says: "Insull[31] of Chicago draws salaries aggregating $250,000 yearly. Insull was born in London right across the river."

S. S. *Paris, sailing for America, April 15, 1923.*

Steadily Europe is being Americanized all the way from straw hats to typewriters and motor cars. One who wants to see England as it was must cross the ocean quickly, for the England of old is rapidly passing. The war crushed wealth, wealthy classes, and wealth itself. Indeed, it crushed art and the society that supported art. England is no longer British when the London *Times* is illustrated and caters for circulation, and they are dancing at Claridge's to American jazz music Sunday evenings. But the most striking innovation in England or the Continent is the American cocktail. The war has permanently fastened the American cocktail on all Europe—Martini, Manhattan, Clover Club, and the whole line. Indeed in London the call is for double cocktails, meaning a large glass with a double potion. In Paris they are drinking more whiskey than ever. England still continues her premium of six shillings per gallon on exported whiskey—whiskey exported under bounty and without home tax.

[29] Minister of the Dominions in present MacDonald cabinet. Formerly as Lord Privy Seal, he was charged with unemployment relief. Leader of railway workers. Born, 1875.

[30] Henry Stanley, born at Detroit. London traction executive.

[31] Samuel Insull, power and gas magnate of Chicago. Born, London, Eng., 1859.

S. S. Paris, April 19, 1923.

Lieut. Colonel Robert Bacon [32] has been abroad studying immigration, the Ruhr, and European conditions. He says: "I have all the statistics of the French troops in the Ruhr and there isn't a single black soldier among them, although our Ambassador Houghton [33] at Berlin tried to tell me, getting his information from the Germans, that the French had black troops in the Ruhr. There were forty black troops in the Marseilles division of about 25,000 men. The commanding general in the Ruhr in deference to American sentiment and not wishing to raise any issue sent back the whole regiment.

"J. P. Morgan, at the International Conference of Bankers last year concerning a loan to Germany, asked the German representatives of the German bankers, 'What security?' The banker replied, 'The word of Germany.' Morgan responded with a snap of his fingers, 'That is worth nothing.' "

[32] Robert L. Bacon. Congressman 68th and 70th; Col. F. A., O. R. C. Former member Kissel, Kinnicutt & Co. Born, Jamaica Plain, Boston, Mass., 1884.

[33] Alanson B. Houghton, glass manufacturer of Corning, N. Y.; later Ambassador to Great Britain, 1925-29; to Germany, 1922-25. Born, Cambridge, Mass., 1863.

Chapter Fifteen

LONDON LORDS AND LADIES

Every time C. W. B. went abroad he visited London, and usually twice on a journey to Europe. In the British metropolis he felt himself deeply at home during these later years, when a profound admiration for the sense and integrity of the English people had been mellowed by many personal contacts with individual Britons.

It will be noted, too, that as Mr. Barron rated London highly, so was he highly rated there, his influence clearly recognized, his opinion sought. Among the leaders he knew all sorts; but, as one might expect from his American training, he is most at home with England's self-made men, her business executives and bankers, who have earned their titles by services to the realm and to mankind.

London, September 25, 1918. Sir George Paish said:

"The indebtedness of Great Britain before the war was £700,000,000 but that old debt during the war has been reduced to £500,000,000 and has been absorbed in the total debt. We have levied about two billion pounds in taxes during the war. Next March at the close of our fiscal year, we shall have about ten billion pounds of gross debt and nine billion pounds net debt as we have made advances to our Allies. In time the advances to Russia will be good.

"The cost of the war will have been, to the end of March, nine and a half billion pounds, but the expense of the war must go on for about a year after peace.

"Germany is fighting now for peace terms and we have known her exact position for some time. Her people must get their raw materials and this is the first essential of her peace terms. If we refuse her for some years after the war the iron of Lorraine, she is a ruined country. The French are perfectly willing that Germany should be ruined and destroyed whether

they can use the iron of Lorraine or not. But what we want is a converted Germany, not a world of hatred after the war.

"After the war we must live in a new world. The five great waterways, beginning with the Dardanelles and Constantinople, should be internationalized. We are perfectly willing to put our navy and Gibraltar into the common defense and make the policing of the seas an international matter.

"It is true you cannot compare French forces with British and American forces because our military forces have to operate the railroads and supplies while the civil population in France can operate their railroads and supplies.

"Every war destroys the rich and makes a new class of rich men."

London, September 27, 1918. Lady Cunard[1] called and took tea with me at 5:50 at the Carlton. She said: "Why does not Mr. Chance[2] get on? He has talent and he must not wait until he is sixty. I am interested that he shall succeed. He ought to. He can't get on in British politics as he is an American citizen, but internationally he might do something."

She said her husband, Sir Bache Cunard,[3] lost a lot of money through Charles Franklin, his brother-in-law, and would never again speak to him. I told her that Franklin had insisted to me that Bache Cunard knew and was joined with Franklin in the cotton speculation where they both lost their money.

Somehow in speaking on Germany I denounced the Germans as having no fundamental virtues. Then the subject of marriage was opened, and she said she didn't see why people should have married at all.

Indeed, she thought that the people of talent ought never to marry. It was for the poor people to raise the babies and they would anyway. I said it was even proposed that Denmark legalize ten-year-contract marriages. She said she didn't see why people couldn't make any sort of contract in respect to marriage and children that they pleased. Indeed the state ought to take the children. A great many women of talent ought not to be burdened with children. She was married when she was eighteen and her daughter at seventeen is now married.

She did not think that a man's mental development was

[1] Née Maude Alice Burke, daughter of E. F. Burke, N. Y. City.
[2] Wade Chance, journalist, etc. See Chapter I.
[3] Sir Edward Bache Cunard, 3rd. Bart. (1851-1925.)

helped by marriage or in any sexual relation with women. She said Balfour was a noble man, a great man with a fine brain, and he had never had anything to do with women. Lord Robert Cecil [4] had told her that he never went with women. She thought here were examples of brilliant, talented men that disproved any theory of the necessity of marriage for mental development. But she thought people should do as they pleased about such things.

She said her affairs were in charge of Charles A. Coffin,[5] of the General Electric. He did not like the banks and railroads that her money was invested in and he said he would take charge of her affairs if it would be left entirely in his hands. He sold out all of her investments and put it into very profitable things including National Carbon, and electric securities, and all she knew was that she drew money when she wanted it. Once the bank had told her she was spending too much money, but only once. She said American women in London were in very great distress over the double taxation, and I might do something to help them. Paul Cravath,[6] who now lived at Sunderland House, had taken the matter up and knew all about it, and Professor Keynes of the British Treasury knew about it; and she immediately made an appointment for me over the telephone in a flash to see Keynes [7] for a few minutes.

She said Mrs. William B. Leeds [8] was the hardest hit. She had two houses in England and had to pay this confiscatory tax, but there were more than a hundred women in England who were almost ruined by it.

She said the Duchess of Marlborough has left her house and is in despair, and has taken smaller quarters. Mrs. Astor is unable to keep up her London House. Lady Randolph Churchill [9] is weeping.

Mrs. John Astor's income has been cut from £30,000 to £800 a year.

Saw Professor Keynes of the British Treasury. He said he believed it might be true that Lord Astor had to pay one hun-

[4] Lord Edgar Algernon Robert Cecil, representative for Grea. Britain at League of Nations until recently. Born, 1864.

[5] 1884-1926; president General Electric Co. from founding to 1913. Born, Somerset Co., Maine.

[6] Paul F. Cravath, lawyer, Cravath, Henderson & de Gersdorff. Born, Berlin Heights, O., 1861.

[7] John Maynard Keynes, author of *The Economic Consequences of Peace*, etc.

[8] The Princess Anastasia of Greece.

[9] Née Miss Jennie Jerome of New York City.

dred and ten per cent income tax, and the statement about Mrs. John Astor must be true because she had herself told him the same thing.

Cravath had made a representation at the Treasury about the matter and they had responded that his facts were not quite correct, and the matter had gone no farther.

Professor Keynes said there were so many anomalies in the British tax situation that they hardly knew where to begin, but there ought to be representations made to the British Treasury and the matter taken up and injustices redressed.

He did not think that Otto Kahn [10] had done anything in Spain. It was another who arranged the loan there for the British government.

Lady Cunard says Keynes is a kind of Socialist and my judgment is that he is a Socialist of the type that does not believe in the family.

London, September 27, 1918. F. H. Hamilton [11] says:

"There has been no war literature, no new art creations, no new plays, and in the future any development in these lines must come from the men now at the front. I notice that this is not only true but there has been no development of art even in posters, whereas four years ago there was great poster literature in calling men to the service of king and country. Now there are a few plain posters calling for bond subscriptions."

London, February 20, 1919.

Sir George Paish came over and lunched with me at 1:30 and left at 6:10.

Paish is violently disturbed and wants to keep it most confidential that the danger threatening the world is the breakdown of the credit structure, now more afflicted than ever before. It has broken down in Russia; it is breaking down in Germany and may break down in France and Italy. France is very badly hit and Italy worse.

London, February 23, 1919.

Guy E. Tripp,[12] president of the Westinghouse Company

[10] Otto H. Kahn, banker, Kuhn, Loeb & Co. Born, Mannheim, Germany, 1867.

[11] Mining and finance, South African experience. Born, 1865.

[12] Chairman Westinghouse Elec. & Mfg. Co. (1865-1927). Asst. Chief of Ordnance, 1918. Born, Wells, Me.

and Sir Hugh Levick of Lee, Higginson & Company, lunched with me this noon and talked until nearly 4 P.M.

Levick says he is never going back to business, but will remain and prefers to work for the government without pay.

Bonar Law put him in the Treasury when he first came over in 1917. He expected the war to end before 1918 and says it would have done so except for the collapse of Russia, etc.

He was given carte blanche to cut red tape in the Treasury and found that where he cut the simplest things it interfered and made confusion so that he told Bonar Law that red tape must continue during the war.

"There is a wonderful bureaucracy here, the salvation and defense of England—the wonderful civil service where men serve for £400 or £500 a year and do the work of great people.

"You can find a clerk at £400 or £500 a year handling interests of Rumania. He is the man who would first pass on her necessity for 100,000,000 lei."

Both Levick and Tripp estimated that ten billions spent altogether in the States included forty per cent profit to the Americans.

Tripp says Westinghouse will show earnings for the year of $22,000,000 net, of which one half goes to the government.

He said Bonar Law was better than he appeared. He had never tackled a job yet that he could not handle. He had plunged deeply into work because he had lost two sons in the war and he must be fully occupied so as to forget his personal loss.

London, March 15, 1919. P. A. O'Farrell says:

"Ireland has 4,500,000 people. Four million have emigrated during the last fifty years; since the Irish famine, 6,000,000. There are 20,000,000 to 25,000,000 people in the United States with Irish blood in their veins.

"This week I had an hour and a half with MacPherson,[13] the secretary for Ireland. He wants the Irish question settled. I shall go over to Paris with Doheny this coming week and shall sit down with Lloyd George and Doheny. I have known Lloyd George well from the time he first came into Parliament and was unknown. We think Lloyd George needs only to be pressed at the Peace Conference to put in a settlement of the Irish question and that in return Lloyd George may press Wilson to settle

[13] Rt. Hon. Ian MacPherson; chief secretary for Ireland, 1918-20.

the Mexican question. If accomplished it will be a happy solution all around."

(Doheny's amendments guaranteeing by the League of Nations full religious liberty and full protection to alien rights and properties would settle both the Irish and Mexican questions.)

London, March 16, 1919.

At lunch with Lord and Lady Swaythling at 28 Kensington Court. She is thirty-nine; looks nineteen—just a girl of about one hundred pounds in weight with bright eyes and sweet face, but one of the hardest working women in England and the head of the entertainment committees to look after the American naval and army men. She has one girl and three sons—fourteen, eighteen, and twenty. She dances, runs a mile in seven minutes, and says she keeps herself well by singing, eating very little, especially of meat, and never touches coffee, tea, or wine.

Lord Swaythling's mother died last night and Lady Swaythling canceled both of the invitations to luncheon with me. Lord Swathling says England will pull through economically and commercially all right; but labor and the coal miners should have more.

S. S. Olympic, March 22, 1919. P. G. Eastwick [14] of the American Foreign Banking Corporation says:

"England has a homogeneous people and a sporting people and they will never unite to crucify their neighbors or starve capital into submission. There is no country that so respects law and order.

"There is a stability about England possessed by no other country in the world. The other day at the hotel the valet came to me and announced: 'I am going, sir, tomorrow. I was only here temporarily. The regular man has returned and he will do everything all right.' I said, 'How long have you been here temporarily?' And he said, 'Oh, only four and a half years.' What would you think of that for a temporary position in the United States?"

Leon Reuff [15] told me Saturday night in London that one could go to the Bank of England and get gold for the bank

[14] Philip A. Eastwick, vice-president A. F. B. C., which went into liquidation in 1923 and receivership in 1925. Previously American vice-president of American-Chinese Bank, Shanghai. At present with Chase National.

[15] Member Seligman Bros., Ltd., London.

notes, but they would take his address, ask what he wanted of it, put detectives after him and might deport him as an undesirable alien.

S. S. Olympic, March 26, 1919. In my stateroom C 92 with Cowan and Eastwick. Eastwick says:

"The strongest endorsement an English banker will get is 'eminently respectable'; the strongest condemnation is 'look sharp.'

"Whenever a man in the City does anything wrong it is never forgotten or forgiven. You may ask fifteen or twenty years later about a firm or an individual and the answer is, 'Fifty years ago he did this or that' which ends it."

An English merchant en route to the United States was notified on board ship to call at British headquarters. He was there grilled for more than an hour as to the purpose of his visit to the States and why he could not do just as well by buying the same goods in England.

He later told his American correspondents: "When you write me in England, your letter is censored and held up. Before it is delivered an English firm calls upon me offering me the same class of goods."

London, April 27, 1921. Herbert N. Casson says:

"America is thin in reserves. Britain is fat thick in reserves. India 7s recently issued $30,000,000 was subscribed in three hours. Twenty-nine recent issues: twenty-one at a premium, only two at a discount. 5,000 brokers instead of 6,000 now in the City. 5,000 clerks reduced to one thousand.

"Chamberlain [16] is acting Prime Minister. Lloyd George is the 'unconstitutional president of an unconstitutional government' that works by orders in council and bureaucracy. Vast sums spent without authority and asked for afterwards. The army is in Hyde Park. Lloyd George is a Bismarck coercionist and out-tories the Tories.

"It was an epoch when two hundred members took the strike matter in their own hands and smashed the triple alliance by showing that Hodges by his own confession was an honest

[16] Sir Austen Chamberlain, Secretary of State for Foreign Affairs, 1924-29. Born, 1863.

revolutionist and was not striking for wages. It was not wages they wanted, but a pool and subsidy; not payment by results.

"We are paying one billion for food and four billion for government or four times as much. It is not essentially different now from formerly. Dick Turpin was the best loved man in England because he took from the rich and gave to the poor. Lloyd George is now the Dick Turpin. He has the great destroying agency for the leveling down of money. Robbing the rich is now government.

"Auckland Geddes is only a professor."

S. S. Olympic, May 8, 1921. J. H. Thomas tells me:

"Gen. Smuts [17] said to me: 'J. H., we must recognize that France is no longer a first-class power.'

"I have spent two weeks recently in Germany. Germany cannot think of fighting for thirty years and after that it will take thirty years more to prepare. Germany is robbing her labor.

"I have talked it over with Lord Derby [18] who is a large owner of coal areas and we both agree that the only possible settlement is to close the mines that are unprofitable. In Wales there are very many mines that show a loss of twenty to forty shillings a ton at the mouth of the pit and the losses run as high as sixty-five shillings a ton.

"Lloyd George cannot last long. He has no party and nobody behind him. He wanted a railroad strike and then to go the country on an election. His cabinet may fall at any time.

"There was a meeting of members of Parliament in a committee room. Three hundred and fifty members attended and discussed the strike. When it was shown that it was not a strike for wages but for bolshevism I declared the railroad strike off. Of course I jumped the ring but I had the influence of the men. The delegates met and talked, but the thing was over. The issue will come up at the convention in July, but I did it all without a vote of the committee or delegates.

"Five years from now there will be a Senate instead of the House of Lords. I moved the Astor resolution to cancel his peerage. My family are a bit intimate with the Astors and

[17] Right Hon. Jan Christian Smuts, Premier South Africa, 1919-24. P. C. since 1917.
[18] The Earl of Derby, Secretary of State for War, 1916-18.

they get along very well. Waldorf was opposed to his father's peerage and was not with his father when he died. The peerage fell upon him of course, but the fortune went to the second son, John Jacob Astor. William Waldorf [19] has tried to throw off the peerage. Only the king can do it and he can act, he says, only on advice of his ministers. The House of Lords could throw him out, but of course they won't. They do not want to begin that sort of business. Nancy Langhorne [20] was the first wife of Bob Shaw.[21] The boy about twenty-one years of age by Shaw is with her. She is now Lady Astor.

"I am often summoned by the King into conference. There is no special arrangement regarding Astor's taxes and I ought to know. He pays 11s 6d of what is left after paying his American taxes. The income tax is 6s in the pound.

"The underwriters were landed with Dunlop [22] on the recent issue, so also they were landed with Leverhulme's securities on his recent issues. The Vickers company is hard put to it."

This interview with Thomas was late Saturday night after his bridge game. We walked the decks and later talked.

Washington, D. C., January 18, 1922. Sir Auckland Geddes,[23] British ambassador, said:

"The first notes we gave to the United States Treasury were simply drafts which were to be met at the British Embassy. Those were taken up principal and interest and new two-year notes were given bearing five per cent. In the first note it was provided that the government first wanted five and one-half per cent. We said that was a little steep and they said five per cent. We said if you say five per cent we shall have to agree to what you decide. We had two series of notes. The semi-annual due dates in the fall were October and November with corresponding dates six months later. Therefore, we paid in October and November last $50,000,000 in each month. They wanted to know if it was interest or principal. We said the

[19] William Waldorf Astor, son of Baron Astor of Hever, born William Waldorf Astor in United States.

[20] Lady Astor, née Nancy Langhorne of Virginia, the first woman elected to the House of Commons. Elected continuously since 1919.

[21] Robert Gould Shaw married Nancy Langhorne in 1897; divorced, 1903.

[22] Tire Manufacturers, etc.

[23] British Ambassador to U. S., 1920-24; Minister of National Service, 1917-19. Prof. of Anatomy, McGill University, Montreal.

future will have to determine that, especially if you still insist upon five per cent.

"Because of these notes due last spring we have desired to clear up the matter. We offered to come over last spring and you said, 'Wait.' We offered to come over later and we were told they were preparing something and we might wait. Then came the fall of the Lloyd George ministry. Now we have come over to adjust matters. I think it will be settled at under three and one-half per cent. The United States Treasury is certainly agreeable to less than four per cent.

"The Chancellor [24] is returning to England to see exactly what we can pay.

"I figure to reverse the interest rates. Over fifty years following great wars the interest rate has been higher say for ten years and then lower for the longer period following. Instead of our paying a high rate for ten to twenty years and a lower rate later, I propose to make two rates and have the lower interest rate brought forward from the major period to the present period and then when money is lower to pay a higher rate. That balances out about three and three-tenth's per cent.

"You are right in your appreciation of the disaster that has fallen upon us. Our people will not emigrate to Canada, against which they are prejudiced, or elsewhere. They are content to sit at home and suffer. We have lost by the war a large measure of the spirit of enterprise in foreign lands. Our best young leaders and our best men were the first to fall. Even today in this Embassy, outside of my own secretary, I cannot get good service. The men are not to be had.

"I think your figures of increment of our capital before the war are a little large. It was not £400,000,000 per annum; but £350,000,000 per annum.

"I do not know that the tax on beer can be maintained. There is great complaint from the laboring people.

"It is going to be very hard for us to pay. Our population must fall because babies will not be born or nourished and our people will not emigrate.

"We have some accumulations of property in this country, as your Treasury people know, and we would like to reduce the principal of the debt. We would like also the privilege of

[24] Stanley Baldwin, then Chancellor of the Exchequer, later Prime Minister. Born, Beudley, 1866.

accumulating your bonds as occasion offers and turning them in in cancellation of our debt; thus making a double debt cancellation.

"But the whole problem now to be put under consideration abroad is whether we will pay $500,000 a day covering something like sixty-six years, or something between $500,000 and $750,000 a day covering twenty-five years.

"It may be something for the United States to stagger under in the world exchanges to have a tremendous current flowing in here from abroad. How will you expect to sell American goods abroad against that large flowing current? That is something the American commissioners considered very seriously.

"If our indebtedness were all owed outside our country our case would be hopeless. As it is we take back in taxes part of the interest payments and then by inheritance taxes in two or three transfers we take back the whole debt.

"The worth of Great Britain excluding Ireland is estimated as just under twenty billion pounds sterling."

London, April 4, 1923.

At the office of Stanley Baldwin, Chancellor of the Exchequer. His secretary said he understood the improvement in the steel business had stopped. He will send me figures on drink statistics, perhaps covering three years. The tax on spirits has had the effect of diminishing the consumption of hard liquors and the revenue next year from spirits will be still smaller. The English people have turned to light wines.

The tax on beer has restricted its consumption. More than half the cost of beer is represented by taxes.

Dined with Sir Peter McClelland at Eaton House. Lady McClelland tells me he is the head of the house of Duncan, Fox & Company, but is still under sixty. He is up at 7 A.M., breakfasts at 8:30, off to the office at 9, and home at 7 P.M. He begins work sometimes as early as 4:30 A.M. There is no one in the firm carrying the original names excepting a junior.

Sir Peter says, "We are never going to get out of Irak or Palestine or Egypt; that is only the sensational press talk.

"Churchill,[25] the coming man, is now in retirement. The

[25] Winston Churchill, First Lord of the Admiralty during the early years of the war; later Chancellor of the Exchequer. Born, 1874, the son of an American mother.

political leaders are now in the background. The job of Prime Minister is too big for Bonar Law.

"Say nothing to Doheny about British Mexican Pete. It isn't in shape yet. Petrol is still sold in tin cans in England, but filling stations are being introduced, notably by the Standard Oil. We need £20,000,000 to put in filling stations.

"The demand for oil must steadily increase. If Lord Pirrie will tell you about it, you can learn that every ship he is building is an oil burner. Consumption is increasing over the world and is today ahead of production."

Southampton, April 8, 1923.

At Town Hill Park, Bitterne, Southampton, with Lord and Lady Swaythling. Swaythling says Lord Iveagh is the richest man in England with £5,000,000 annual income. Papers say his brewery concern—Guinness—made £2,900,000 net against £1,100,000 in 1913.

Lord Pirrie is the second richest man with perhaps £3,000,000 annual income. No children and yet gives little to charity.

Lord Swaythling said: "I know of people who have to have six servants a week, because people receiving doles are allowed to serve one day a week without losing their dole and that is the only way they could get service. They cannot inform the authorities without danger of losing all service. People leave service now not by giving notice but by being impertinent so they will be discharged and then they can go on the public dole."

London, April 11, 1923.

Twenty-four people attended dinner at Lansdowne House where Mr. Barron spoke for about forty minutes at Mr. Selfridge's request.

Sir Thomas Lipton [26] told how "Honey Fitz"[27] stole the King's yacht to visit Sir Thomas, who had with him as guests John D. Crimmins [28] and his wife, and Martin Littleton [29] and

[26] Sir Thomas Johnstone Lipton, tea merchant, yachtsman. Born, Glasgow, of Irish parentage, 1850.

[27] John F. Fitzgerald, mayor of Boston, 1906-07; 1910-14. His favorite campaign argument was to sing "Sweet Adeline."

[28] Probably John D. Crimmins, contractor, N. Y. (1844-1917.)

[29] Martin W. Littleton, member 62nd Congress. Lawyer, New York. Defended Sinclair. Born, Roane Co., Tenn., 1872.

his two daughters. Sir Thomas was off shore and when he saw the King's yacht approaching lined up his crew for salutes with everything in order; the ladies made hurried inquiries as to how they should address the King and Queen, make their courtesies, etc., and then put on their best, only to give welcome to John F. Fitzgerald and his two daughters. It appears that Fitzgerald finding no one in London went down to Cowes to join Sir Thomas and there were plenty of boats for hire to take him off shore, but none of them pleased him or were good enough to take him to the yacht of Sir Thomas. But as he walked along he came to the Royal Yacht Club where nothing but royalty may enter. He marched aboard the King's yacht and told the commander to take him out to Sir Thomas Lipton. He said to his daughters, 'This boat looks all right.' And he supposed it was for hire. The crew supposed as he was to go to Sir Thomas that the King had sent him and immediately put off. The King and Queen came down and cooled their heels on the wharf for half an hour awaiting the return of their boat. That night Sir Thomas dined with the King and Queen. The King wanted to sack the whole crew until Sir Thomas explained the incident and gave the King a hearty laugh.

Sweets, or candy, saved Selfridge—cheap candy at 1s 6d. He has half a dozen soda fountains that are crowded from May 1st, while other London merchants laughed at American soda fountains.

April 13, 1923. Herbert N. Casson lunched with me at the Carlton Hotel. He said:

"London only is prosperous. England is poor; London gets all the tax money. It goes into the London banks and is all distributed from London and a good part of it stays in London.

"Marcus Samuels [30] may be called the financial master of London any time he wants to be.

"England loves the Turks and hates the Greeks. More than fifty Greek ships have been scuttled the last two years and Lloyds will no longer insure a Greek ship.

"Lloyd George has gone down in the public estimation; so also have Churchill and Birkenhead.[31] Stanley Baldwin is blossoming out.

[30] Viscount Bearstead (1854-1927), a dominant figure in the Royal Dutch-Shell oil combine.

[31] F. E. Smith, first Earl of Birkenhead (1922), former Lord Chancellor; director Imperial Chemical Industries.

"D'Abernon has been given all the nasty jobs, such as drink control and Germany, and he has made good just as he did in Egypt and Turkey.

"T. P. O'Connor is for the second time Father of the House of Commons—the oldest member. But he sells his name to anybody.

"Sir Guy Granet is a coming man.

"The *Times* losses may be very heavy; but Lady Astor promptly pays the bill.

"300,000 women are drawing doles and refuse domestic service."

April 13, 1923. Took tea with T. P. O'Connor, Joe Devlin [32] and others. T. P. O'Connor said:

"William J. Bryan [33] arose from the reporters' table and made the famous Cross of Gold speech, which gave him the Presidential nomination. This is the greatest illustration in the world's history of the devastating effects of oratory.

"There are 2,500,000 Irishmen in England."

Sir Guy Granet gave me a luncheon at the Carlton at 1:15. Present on my right, Sir Eric Geddes. He says:

"The domain of the motor truck is in the haul of between forty and one hundred miles. Beyond one hundred miles the railroad takes up the traffic. Where transportation is within a ten-mile radius, the horse is still the cheapest power. It doesn't pay to engage motor capital in the short-haul business. The interest on a horse, where there is short mileage and long waits, represents a large saving over the interest on a motor investment.

"I understand that in twenty years there has been spent on the United States highways for new road construction a sum equaling the cost of all the railroads in the United States."

New York, July 25, 1926.

W. P. Hamilton's [34] mother weighed over two hundred pounds, but she knew every foot of the distance from London

[32] Irish politician, now M. P. (N.) for Fermanagh and Tyrone; then M. P. for Antrim and West Belfast.

[33] Democratic candidate for the Presidency, 1896, 1900, 1908. Born, Salem, Ill., 1860; died, 1925.

[34] (1867-1929.) Editor (since 1908) of *The Wall Street Journal.* Born in England.

town to her home up the Thames, and she would get out at the exact mile limit and pay the regular fare.

One day she ended her trip at exactly four miles and the cabman said as she alighted, "Madam, would you mind not passing in front of my horse?" She said, "Why?" He said, "I would not want him to see what he has been carrying four miles for eighteen pence—it might discourage him."

P. A. O'Farrell said: "There was an episode that had to be suppressed in the interest of the friends of Lloyd George who gave orders to buy the London *Daily Chronicle*, and arranged that Sir Andrew Weir, now Lord Inverforth, should pay the money. The price fixed was £1,600,000 and Weir contributed. The next day he took a cab and went to Downing Street and came out with the title and the cabinet position of Minister of Munitions.

"One day there was a commotion in Washington as the United States government at the request of the British had issued an order forbidding the export of oil. Hennessey [35] of the C. P. R. asked me if I could find out about it. He said he had a contract with Union Oil of California for oil at $1.25 and the order from Washington would break that contract. I went to Doheny who said, 'That is the work of Inverforth; he owns Union Oil of California, and uses that means to break the contract and get twice as much for the oil.' I put the facts before M. L. Requa.[36] When the oil people met, the whole thing was denounced and the order was withdrawn."

[35] Probably Shaughnessy.

[36] Oil controller, 1918-19, under the War Industries Board; mining engineer. Born, Virginia City, Nov., 1866.

Chapter Sixteen

RECONSTRUCTION

Including a Visit to Germany

In London, in 1919, one just out of Germany gave C. W. B. a dread picture of Red Hamburg; but by 1921 Germany had so far restored the rule of reason that Mr. Barron went there to push a financial plan which he thought might help the German people and remove a threat to the peace of the world. This plan, which seems to have been originated by A. E. Stilwell, the American railroad builder of the Southwest, comprised the issue of German five per cent bonds for one half her Reparations account, which would be in turn guaranteed as to principal and interest up to one half their claims by France and Great Britain and perhaps by Italy. So guaranteed, and free of taxes in Germany, the receiving country, and the United States, it was C. W. B.'s thought that they would find a ready market, relieving the French and British treasuries, and tending toward a better spirit in Germany.

Here will be found his discussions with French and German statesmen and financiers. In spite of the discouragements received in London and Paris on his way, C. W. B. went to Washington soon after his return to press the matter upon President Harding and Secretary Hughes. The latter said, in effect, "No, not yet."

London, February 28, 1919.

Germany in 1919 as England viewed it:

German navy and mercantile ships in rotten condition. All discipline gone. Ships were put out of commission carelessly.

German men smoke large cigars of cabbage leaves dipped in licorice and tobacco juice.

Captains must now say "Please," "It is requested."

Spartacists seized the banks at Hamburg and took from one some seven million marks and retired to divide. Hastily organized party of between four hundred and five hundred ex-officers and warrant officers drove them out, arrested and jailed them, and recovered all but four hundred marks.

The question is whether Germany can get enough coal to start her industries and give employment.

A cart horse was shot in the beginning of the Spartacist fight. Within twenty minutes every shred of flesh was stripped from the carcass. Meat sells at thirty marks a pound. Everything except cabbage and potatoes rationed including clothing. Cabbage and potatoes cheaper than in England, but not tinned vegetables.

Sugar ration increased by new process of extracting glycerine from waste products.

Bicycles and airplanes for the most part have rope tires, although a new form of coil spring is declared to be an improvement.

Spartacist poster reads: "We have a right to something besides work. We have a right to bread: labor which alone produces wealth, alone has the right to live: no more profits." Signed, Workmen's and Sailors Council. Many of these signs put up and torn down.

It is said that the Chief of Police at Wilhelmshaven delivered some 6,000 stand of arms to the workers so that they could make their attack.

Paper clothing. Industry may continue after the war. Practically all cotton-mill machinery converted to spin paper cloth. Many months before it can be reconverted. Cord is made of paper; quite strong. Paper dresses, paper sheets, and paper underclothing can be washed from seven to ten times.

Government took all linen from hotels.

Shortage of clothing more noticeable than shortage of food. Germany not yet starving. Many masculine double chins and paunches. Women look emaciated. Suffering is greatest among the children and infant mortality very high, but not as bad as the winter of 1917.

Millinery shops have nothing but black hats and mourning bonnets. Ninety per cent of clothing displayed is black.

Cloth reserved for the men. Women must use substitutes.

Most popular pamphlet is entitled "Tirpitz,[1] the gravedigger of the German Navy," by Captain Persius.[2]

German newspapers denounce the "rape of the German

[1] Alfred P. Frederick von Tirpitz (1849-1930). Gross-Admiral, Minister of Marine during World War.

[2] C. L. Lothar Persius, naval captain; author of many books and articles on German naval affairs. Born, 1864.

colonies" and the injustice of penalties for non-delivery of coal while locomotives and rolling stock have been seized.

Repeated outcries against delivery of locomotives which are needed to start the factories for coal and raw material.

Lack of employment will do more to promote Bolshevism than all other factors combined. Germans fear Bolshevism more than anything else.

Germans have about 110,000 volunteer troops on the Eastern front under Hindenburg, but lack of provisions and communications. Germany is worried over the Eastern front.

Submarine destroyers timed their depth charges at too great depth. Depth bombs should also have been larger. It is not believed that we had listening apparatus that could hear sounds thirty miles.

Big French rest camp at Leghorn attacked by Italians, forty killed; likely to lead to trouble.

Revolution in Argentina; no ships sailed for two weeks.

S. S. Olympic, March 22, 1919. P. G. Eastwick, American Foreign Banking Corporation, says:

"During the war, the Dutch were half pro-German; now they are ninety per cent pro-German.

"A week before sailing, I was in Holland and went to a bank to ask the address of a man I knew was in town as the representative of the Deutsche Bank in Berlin.

"They asked me if I knew this man, etc. After a long while they said they would send him word from me if they could find him. Therewith I sent a message and in two hours he called upon me. They said he was working for another bank. Of course, he owned up to me that he was doing business at that bank as stenographer and typewriter in his own name, but I knew, what we both knew, that he was the representative of the Deutsche Bank and knew everything of conditions in Germany.

"We went to dinner and dined from six to twelve. He told me frankly that there was not the slightest regret as to what had occurred; no regrets as respects causes; only regrets that the war had turned out with unfavorable results; but every damned one of them would cut your throat tomorrow and do the war over again if they thought they could succeed.

"He said Germany was defeated, but expected to pay

through two generations. Germany was all right and ready to produce. There was suffering and disorder and the poor people could not get food, but the rich could get it for high prices.

"They were all ready to manufacture and trade with the whole world and had no conception of the psychology they are up against of people refusing to do business with them. They will do an enormous business through Holland under Dutch names. They hate the Belgians first, and the English next. Are rather sorry for the French and are terribly anxious to do business with the Americans whom they respect because they are strong and rich."

Basel, Switzerland, April 8, 1921. Jaberg, the Swiss banker, knew the automobile situation in America better than I did. He said:

"A director of a bank in Amsterdam told me the Germans who formerly bought diamonds are now buying dollars."

April 12, 1921. On the northbound train en route to Germany, Olaf Roer [3] of Christiana, Norway, said:

"Sweden nearly went into the war on the side of Germany on account of enmity to Russia. It was the intention of Russia to acquire both Sweden and Norway.

"We have a proverb: 'It is dangerous for small nations to eat cherries with big nations.' "

Baden-Baden, April 14, 1921.

Called upon Herr Rossler. We drank two bottles of beautiful, white wine made from grapes at five degrees of frost which Rossler says improves the wine. He greeted me, saying, "We are still at war," and laughed.

I said, "When will the next war be?"

He said: "In seven years, and the next time we will finish that French nonsense. They did not win the war. We made the mistake of bringing America in. America won the war. Next time America will not be so foolish. We need a stronger government and will get it. The Kaiser will not come back nor will there be another upheaval. The war did us good. It gave us a government at less cost and gave us a common country. We were formerly twenty-four states. Now we are one

[3] A factor in the coal trade.

nation with a central government which is much better. We are stronger as a nation than before. The beer is not so good as formerly. We have to use for food the stuff that ought to go into beer."

Baden-Baden, April 15, 1921. Edward Henking said:

"The Sielcken [4] fortune is much larger than the $7,000,000 Mrs. Sielcken has just recovered. It is twice that."

It is good to come into Germany if only to feel rich. "As rich as an American" now has ten times its former force. Things cost here one tenth what they cost in the United States.

Baden-Baden, April 15, 1921. Dr. Groddeck [5] said:

"I was dismissed because I would not send the soldiers back half well at the beginning of the war.

"I cannot imagine how it is possible for an American working man to have a Ford car. The moral status was made bad by the war. Illegitimate births increased very much. There were no men about, no fathers, and a fifteen-year boy would have three or four girls. Everybody deceived, but it is now a little better. The farmers are rich, paid all their debts. They sold their products secretly to get more money than the law allowed. The farmers are now the richest class.

"In twenty or thirty years Germany will recover. Germany cannot fight again for fifty years and does not want to fight. It could not fight if it wanted to. It is impossible, all our best men are dead."

Berlin, April 16, 1921.

At Hotel Adlon after lunch with Koster,[6] a journalist, and Billy Brevoort,[7] president of the Replogle Iron & Steel Company, who had just come from Cologne. I was advised to see

[4] Herman Sielcken, the late coffee king. His residence in the Black Forest near Baden-Baden is one of the show places of the district. A noted figure in New York of pre-prohibition days. Mrs. Sielcken, the daughter of Paul Isenberg, a Hawaiian sugar king, married (1) Wendoth, (2) Sielcken, (3) Schwarz, a Russian baritone then with the Chicago Opera Company.

[5] George Walther Groddeck, physician and author. C. W. B. had gone to him in Baden-Baden many times before the war, and before he had heard of Battle Creek. Born, 1866.

[6] Probably Dr. Adolph Koster, at present German Minister to Latvia (Lettland). Born, 1883.

[7] William L. Brevoort. Retired before the merger of Replogle Steel into Warren Pipe; now living in Paris.

there Colonel Stone,[8] representing General Allen,[9] also Major Davis.[10] These American commissioners, while not officially acting, are referred to and decide everything. No records are kept. Even the Crown Prince asked the American commissioners if he could come to Berlin and attend his mother's funeral at Potsdam.

I am told that Isvolsky,[11] Russian minister at Paris, was an enormous speculator and made millions out of the beginning of the war. He said, "This is my war."

Von Hindenburg[12] is still the idol of the war. Ludendorff[13] keeps away. General Falkenhayn[14] will be at the head of the arrangements at Potsdam for the funeral of the Kaiserin.

Thyssen[15] and Stinnes bought the coal fields of Kent but lost them during the war.

Vice and bribery rule. The German government opens your letters and follows up any suggestions by the police or the tax people. But you can bribe them.

You can see the war better now from the German side. It was a desperate game with them; their first defeat at the Battle of the Marne settled it. After that first shock they never had strength enough when they broke through the line to follow it up. France and England, always on the defensive, knew they had not strength enough to follow up when they broke through. The Americans were the only people who took the offensive and followed through.

No imported French champagne at the Adlon. There is one German champagne for 250 marks, or $4. All the other champagnes are under a hundred marks or $1.60 a bottle or less than one half of the champagne price in America. The charge of champagne drinking against the Germans is not true in the American sense. There are some restaurants with French

[8] David L. Stone, Col., Inf., Gen. Staff Corps, American Army of Occupation, Germany.

[9] Maj. Gen. Henry T. Allen, commanding American troops, Army of Occupation. Born, Sharpsburg, Ky., 1859.

[10] Perhaps M. J. Davis, who retired from the Army as a major in 1919 to enter the diplomatic service.

[11] See the Diary of Lord Bertie, British Ambassador to Paris (Vol. 1, p. 3) for other activities of Isvolsky.

[12] Paul von Hindenburg. Field Marshal, now President of German Republic. Born, 1847, at Posen.

[13] Quartermaster-General of German Armies, 1916-1918.

[14] Chief of Staff of the German Army, 1915. Erich von Falkenhayn, Lt. Gen.; died, 1922.

[15] Hugo Thyssen, German industrialist.

Champagnes. Dr. Dernburg tells me that the increased consumption of champagne as shown by the taxes is not true because the tax is not levied on the consumption. So tax statistics only show the number of bottles under review by the tax gatherers. And he says we must remember that there are hundreds of commissioners, many foreigners, and officers of all nations now in Germany and all drinking champagne.

Berlin, April 17, 1921.

By appointment through Ellis Irving Dresel,[16] American Commissioner, met the French Ambassador, Charles Laurent,[17] at the French Embassy at twelve o'clock. Made clear to him, through the first secretary who spoke perfect English, Comte René de Saint Quentin, what I thought might be proposed to relieve the French and the international situation.

He said: "What security? Suppose Germany defaults?"

I said: "It should be provided in the indenture that the railways, customs, or financial administration should, in the event of default, be with international commissioners until the default was cured."

He said, "Why not have the security now?"

I said: "The objection is that we must free Germany and give her the will to work and pay. Her will to pay will be stronger if she owes everybody over the world instead of France, England, and the allies, and also if she is absolutely free to work out her own salvation."

He said that Germany was industrially good for all she owed to the reparations payments. She had great reserves in minerals, chemistry, coal, wood, and her people worked very cheaply and she had great possibilities in production. As to the value of her security, that was a question in psychology. He said I was absolutely right in my idea that Germany, with the paper mark, is now committing suicide, on the doorsteps of the allies, after the Chinese fashion.

I asked if he thought Germany could ever get back to her gold basis with the present mark.

He said, "In possibly fifteen or twenty years."

I told him that Sir Auckland Geddes, just from the Paris

[16] Lawyer, diplomatist (1865-1925), signed treaty of peace with Germany. Born, Boston, Mass.

[17] Charles François Laurent, born at Paris, 1856. French Ambassador to Germany from 1920. Previously in important French financial posts.

conference, had told me at luncheon last month before I sailed that he believed Germany would move over the decimal point the moment there was a reparations settlement and consider marks worth two and one-half cents instead of twenty-five cents.

He said that would be some improvement in the mark, but as a matter of fact, Germany was not financing very badly. She recently bought back from the States the control of the railways and was helping herself instead of paying what she owed.

The difficulty in the situation would be the making of such a bond tax-free in France. He believed it impossible at the present moment. But supposing it could be made tax free in all countries, he did not believe it could be floated on better than a five per cent basis and in a few years might sell at a premium, but not immediately. The money that had been borrowed by the coal mine owners in France for the restoration of the coal mines was on a six per cent basis and the bonds sold now at a slight discount. He would not himself, if he were now as formerly Minister of Finance, recommend a discrimination and freedom from taxation for such a bond, but it might be freed from some taxation. If there were propaganda and agitation, and the French should see that it was the only way for them to get reparations money, they might consent to make it tax free.

It would be better to divide the loan so far as France is concerned. I told him that I did not think France would take any large amount of such a loan; that the largest amount would be taken in the United States, and later resold to the other countries. He said the French investment fund or surplus over all expenses and taxes had been of late a little more than $1,000,000,000 per annum. How much they would take of a bond made by Germany, even guaranteed by the allies, was a psychological question and it depends somewhat on propaganda and laying the groundwork and making people see that the money did not go to Germany.

He said if I would confer with the French bankers at the Credit Lyonnais and others, I would get a very good opinion as respects possibility of such a plan, but he would be glad to have me put before him a memorandum so that he might discuss it with other people.

I arranged with the Comte de Saint Quentin [18] that I would communicate through him with the Ambassador later and be glad to receive his opinion verbally. It was important that nothing be put in writing that would commit anybody and also that no basis should be given the Germans for further parleying.

Berlin, April 17, 1921.

At 6 P.M. called on Dr. Dernburg [19] at his residence at Grunewald. It is a beautiful palace with a garden, iron railings and gates, and stone posts. The dining room was richly gilded. I took tea with his family in the library. He explained to me that he had rented the upper part of his house and was now building an extension in the rear to give himself a sleeping room. The law allows only so many rooms. The rest must be occupied or taxed. He said he was not a lawyer; did a little writing, was on some directorates, and was in politics. He said American stenographers in Vienna must get a million kronen a year or $30 a week.

Dr. Dernburg said: "Perhaps you see, Barron, now what it is to dwell in an occupied country. They made us pay coal to France and the coal reparations made the English coal strike. They made us deliver ships and now one third of the world tonnage is unoccupied. They did not credit us with ships at the price at the time of the Armistice but at present valuations. They sold one of our ships the other day for £20,000 after the Admiralty had expended £145,000 on it for repairs. It was a 6,000 ton ship.

"We were charged £72 a ton for ships lost or destroyed by submarine during the war and credited with £17 per ton on tonnage returned. There are no Americans on the Reparations Commission.

"Stinnes has made an enormous combination of coal, iron, lumber, electricity, etc.—a combination from coal to the telephone and the ship and the steam turbine. It is a combination joint working agreement. The central concern is a small company and not an operating company, simply a directing company or company of direction. It is called the Siemens Rheinelbe Schuckert Union. The combination is not in owner-

[18] Chevalier of the Legion of Honour. Counsellor of the French Embassy at Berlin. Born, 1883.

[19] Dr. Bernhard Dernburg, German commercial attache at Washington during the early years of the war. Several times a cabinet minister. Born, 1865.

ship, but in management. The Stinnes organization receives the orders and distributes them and furnishes the direction and with some the management, similar to the Royal Dutch.

"They tell a story in Vienna that when a man asks how much money he can get on a thousand-dollar draft, the reply is, 'As much as you want.'

"The German war loans did not exceed ninety-five billion marks and the tax levied in 1913 on capital was one per cent and took three years to collect.

"The government taxes you for any vacant rooms; you may have one more than the number of persons in your house."

Berlin, April 18, 1921.

Ellis Loring Dresel, United States Commissioner occupying the old United States Embassy at Berlin, suggested that I see Lord d'Abernon.[20] I said I did not care to meet ambassadors or political people. He said that d'Abernon was formerly Sir Edgar Vincent. I said, "Oh, yes, I will be glad to meet a man of finance." Lord d'Abernon said for me to come right over. D'Abernon said to me:

"The trouble is that these European countries have not yet taxed themselves. They should balance their budgets. We in England have balanced our budget. We get from alcohol alone £200,000,000 about as much as our entire budget before the war. Germany could drink herself out on the budget.

"The trouble with your plan is that in England it would be very difficult to cut the tax off the bonds. England must put on more indirect taxes. The direct taxes on capital are already too large. You cannot get more out of capital, but we have gone much farther than the other countries in indirect taxes. It would be in every way desirable for America to come in and discuss matters. I can see no harm in public discussion. Indeed it might be helpful.

"I know Judge Gary very well and have a very high opinion of him. I have never known him to make a mistake. I know and think very highly of Raphael-Georges Lévy.[21] I think it would be well to talk over your plan with him, and Sir Guy Granet can put you in the way of talking it over with the right

[20] First Viscount d'Abernon since 1926. Distinguished British diplomat. Born, 1857.

[21] French Senator and member of the Institute. Director of Credit-Mobilier and of Banque de Paris et des Pays Bas. Author of several books on finance and government. Born, Paris, 1853.

people in England. If I were you I would see Lloyd George and talk it over with him and also the Chancellor of the Exchequer. He is a very good fellow.

"The Germans are good people to do business with. Like the Jews who have influenced them, they are hard to get to sign a contract, but when they sign they keep it. I consider Germany a better obligation than France or Italy. The Latins do not keep their contracts and don't have the ambition to pay like the Germans.

"The courts are very sound in Germany. You can get justice in them." He was surprised that tax free bonds in the United States sold as high as a five and one-quarter per cent basis.

Berlin, April 19, 1921.

Called upon Comte René de Saint Quentin, premier secretary of the French Embassy, this noon. He said the Ambassador would be very glad to see me; and I spent forty minutes with them. Gave details of my conversation with Lord d'Abernon, who said the same objections prevailed in England as in France to a tax-free bond. He had suggested that a higher rate might be paid, to which I had responded that the Allies would not be justified in guaranteeing a higher rate than five per cent.

M. Laurent agreed with me, and not with Lord d'Abernon, that it was not desirable to have public discussion of such a plan unless there was prospect of its success. He desired that I should talk in Paris not only with M. Raphael-Georges Lévy but with the people of the Credit Lyonnais, Disconto Gesellschaft, and one other European bank.

He said M. Lévy could put me in the way of talking with these people. He also approved Lord d'Abernon's suggestion that I talk with Lloyd George and the Chancellor of the Exchequer in England.

I discussed the French stamp tax, that it was an objection to the listing of the United States Steel shares in Paris when Morgan proposed it; that international monies had always been free of tax; that the United States taxation plan ran higher than that of any other nation—seventy-two per cent of income—and in subscribing to such a loan, the United States would be making the greater sacrifice.

Berlin, April 19, 1921.

Lunched with Lady d'Abernon. She wanted to know why I did not go to the funeral of the Kaiserin. I said I had a much more important matter to attend to in studying this financial situation, and Lord d'Abernon agreed with me. Lady d'Abernon said it was the first military parade since the war or for two years—three hundred German officers in line. Later Raymond Swing [22] told me that to his mind it was more like the funeral of the military party. Everyone was there—all the old officers, Hindenburg, Falkenhuyn, Ludendorff, etc.—and the people were willing to look at them, but took no interest in them as military men. It was clear the German people were through with militarism when they made the strike a year ago against Ludendorff and his troops with everybody from the officials to the office-boys and working men refusing to work. It was the demonstration that ended German militarism.

After the luncheon Lord d'Abernon took me aside and said that it was in every way desirable to have America in at the discussions and any movement from America would, as I had suggested, put the Germans entirely in another frame of mind, with a desire to make their budget balance and show solvency. He said:

"A banker's loan is quite another thing from the peace treaty payment."

He said, "I talked with Laurent on this matter this morning and we see only the impossibility of the tax-free feature."

He asked afterwards, if it was really true as I had declared, that the Jew had invented the bill of exchange. I said that was how the owner kept his money from tax and confiscation. The money was never in the Ghetto, but when the king would give the security, he could make a draft that would produce the money. I said:

"International money has always been free of tax. Goods in passage are not taxed and international moneys largely escape."

The American Army officers on the Rhine and their wives are already scheming to hold their positions as long as possible. An officer's wife can have here in Germany three servants with

[22] Berlin correspondent New York *Herald*, 1919-22; director foreign service *The Wall Street Journal*, 1922-24. Born, Cortland, N. Y., 1887.

the gold she gets from America, while in the States she may be able to have none.

Griffith,[23] associated with Raymond Swing, said:

"The German war books have now gone into the cellars of the book-stores. The Germans are no longer interested in the war. Book-sellers are storing the books to sell them to America, they say."

Germany has been shipping goods to South America to avoid possible reparations demand and also if the demands are not made on the goods, they will be good samples for South America.

Mathias Erzberger,[24] minister of finance, told Swing that he could balance the budget by a tax on beer. Erzberger is the leader of the Catholic party. He has been hurt by admission that while in the Reichstag he received 40,000 gold marks per annum from Thyssen. He said it was a retainer to keep in touch with the iron interests, explaining their position and communicating technical information. The leather interests also have their representatives in the Reichstag.

Berlin, April 20, 1921. Fritz Andreas of Hardy & Company said:

"Germany has been absolutely living on the good will of the speculator who is always buying our marks, not paper marks, but marks credit on our books.

"In my judgement the thing to buy is bonds of industrial enterprises. These enterprises have sound management and are not like the government management where the damn fools are spending all this money for nothing. The mortgage bonds of industrial companies ought also to be good.

"England makes money in other countries and the overseas Englishman comes back to spend his money in Hyde Park and Mayfair. But our people never come back. The German is so

[23] Sanford Griffith; Dillon, Read & Co., London office. With Intelligence Section, U. S. Army during war; then with Munsey papers in European capitals.

[24] Later Chancellor of the Reich. German representative at the Armistice meeting, 1918. Assassinated. (1875-1921.)

happy to be in English colonies. There is much more freedom for a German in an English colony than in Germany. So many things are not allowed in Germany that the list would be shorter if you listed what is permitted. Since everything here is forbidden, everybody is quite happy, but when they leave to go somewhere else they like it much better. When the English owned Helgoland, the Germans enjoyed visiting the island. When the Germans took it and everything was 'verboten' nobody cared to go there. You can die in London streets and nobody would know who you were. It cannot happen in Germany. Everywhere you go, your age, nationality, where you came from, who and what you are, are always registered."

Berlin, April 20, 1921. Professor Moritz J. Bonn [25] said:

"The position of the United States is most important. It has the whole world in its hands."

Bertram Perkins tells me, and Swing confirms it, that the Russians are wonderful counterfeiters and are making all kinds of counterfeit money. They counterfeit American bills, paper, watermarks, red hair lines so that only a treasury expert can detect them.

With Swing as interpreter, under appointment made by Colonel Coffin, I met the first vice-president of the Reichsbank, von Glassenapp,[26] at 5:30 at the Reichsbank. His is the second name signed on the Reichsbank notes. Glassenapp said:

"The cost of occupation is colossal and must increase our taxation. The machinery of taxation must be changed and the old organization destroyed and another set up. Therefore, we are a year behind in the collection of taxes."

I wanted to know if the decimal point would be moved over to make the mark one tenth of what it was. He said that had been discussed at the conferences, but it was too early. It was too much to say that the mark would never be restored to its gold parity. There was no use to talk about devaluation before stabilization. After stabilization there might be a legal acknowledgment of what has already occurred.

[25] Dr. Moritz Julius Bonn, born, Berlin, 1873. Author, 1926, of *Das Schicksal des Deutschen Kapitalismus.*

[26] Dr. Otto von Glassenapp; died in 1928.

Paris, May, 1922. J. Ridgeley Carter said:

"The trouble with France is that the Cabinet must come from the Chamber of Deputies. No sooner is it established than all in the chamber conspire to pull it down that they may themselves be advanced. It is nothing but one political round after another of continuous change. The French carry a heavy financial load.

"The French have a saying there is nothing so permanent as the provisional. This is true of the French. They are great improvisors. What is improvised remains. That is the trouble with the French finance and political system."

Eugene Prince says: "Foch tells him that the French are so well equipped that they could not only go through Germany but go into Russia and straighten that out as well as Germany.

"Marshals of France never retire. They are on the war board. After the battle of the Marne, Joffre [27] would not advance and politically he was displaced. Petain [28] did advance and was defeated. Then Foch came in but Foch would not advance until the Americans came up. Throughout France there is a thirst for peace and Joffre represents peace. Foch is more militarist."

Paris, May 16, 1922. J. Ridgeley Carter said:

"The bankers who are distributing securities tell me that the savings of the French peasantry are now tremendous. Where they formerly sent one bond and two shares into a village in their distribution they now send ten bonds and twenty shares. The peasants of France are working as never before. In the devastated area where land was condemned as being unfit for reclamation more than eighty per cent of it has already been reclaimed and is bearing crops."

He said French investors do not bother with quotations. They look to the Bank of France and keep their eye on its pot of gold and if their coupons are regularly paid they are satisfied.

Zaharoff said the French might occupy the Ruhr to impress the Germans.

[27] Joseph Jacques Cesaire Joffre, Marshal of France; commanded at Battle of Marne; resigned, March 17, 1916. Born, 1852.

[28] Henri Phillipe Benoni Omer Joseph Petain, Marshal of France. Replaced Nivelle as commander-in-chief of field forces on May 15, 1917. Born, 1856.

Tuck says the du Fayal palace was first offered for 12,000,000 francs but could now be had for 8,000,000.

Tuck showed me an eight-page letter from Madame Jusserand [29] in Washington. I will ask Northcliffe when I see him about Lord Lee.[30] Lee attacked the French in Washington and never took back his statements.

Tuck paid fifty thousand francs for his Bouche tapestry.

[29] Wife of Jean Adrien Antoine Jules Jusserand, Ambassador of France to the United States, 1902-25. Born, 1855.

[30] The only Lord Lee listed in Burke's peerage is Arthur Hamilton Lee, Lord Lee of Fareham, son of the Rev. Melvills Lee and Ruth Moore, eldest daughter of J. G. Moore of New York City. Lord Lee, first Lord of the Admiralty, was the second British delegate to the Washington Conference, Nov., 1921-Feb., 1922; and gave his country residence, Checquers Court, to the nation as a residence for its Prime Ministers. He was with the American forces at the battle of San Juan, Cuba.

Chapter Seventeen

LINKS IN CHAIN STORES

Here is related by the actors themselves the rise of one of the first chain-store systems. The reader will observe George J. Whelan marching from a hotel cigar counter in Syracuse, N. Y., up to the dizzy heights where he buys stocks by the hundred thousand share lots and consults with those who reckon their estates by scores of millions. Likewise the beginnings of the descent which followed.

Other chain-store magnates—Charlton, Kirby, and Parsons of F. W. Woolworth Company; Kroger, the Cincinnati grocer king; and J. C. Penney of the department store chain, who entertains Hoover and proudly identifies himself as "Prohibitionist and Methodist" in Who's Who—may be seen taking their winter ease in Florida, Chapters XX and XXI.

Still another innovation in chain business is disclosed in Chapter IV, where President Kaufman of the Chatham Phenix Bank narrates his opening of that field in New York City.

Chain-store expansion, in spite of local opposition, continues with all the force of an avalanche. Here the men behind the avalanche may be heard.

August 10, 1917, at George Vanderbilt's cottage, Bar Harbor, Maine.. George J. Whelan said:

"The United Cigar Stores started with only $20,000, then $40,000 in New York. To this $40,000 the first concern subscribed one half and individuals the other half. Duke[1] said, 'Break them or buy them.' Then the American Tobacco people came and took fifty-one per cent. They put in $47,100. The $100 was so as to give them a majority control. Then $250,000 was stolen by the clerks.

"That was stopped and a percentage of the gross sales given to the clerks. That change made the company. Then the

[1] James B. Duke.

difficulty was to interest the clerks still further to increase the sales. A man would be satisfied when he had $50 or $60 a week. Cut his percentages and he would increase the sales to get back his weekly wage and so we had to keep cutting the percentage of interest to increase the sales.

"The American Tobacco Company put up eighty per cent of the new capital and took bonds, now preferred shares, and carried my interest which was one third of twenty per cent of the stock. After the dissolution of the Tobacco Trust I bought out the larger interests."

New York, January 10, 1919. George J. Whelan says:

"A cigarette machine costing $1,200 turns out 300,000 cigarettes a day compared with 5,000 per day made by hand labor. Last year forty billion cigarettes paid taxes; then there was the manufacture of cigarettes for the Army that paid no taxes and by the American Tobacco Company for exports, making altogether about sixty billion cigarettes.

"There are less men employed now making cigarettes than formerly by hand. It takes three hands only to run the machine and turn out 300,000 cigarettes a day or one girl and two men—three and sometimes only two employees per machine. In 1901 the output was three and one-half billion cigarettes. It was larger however in 1890—about five billion cigarettes. Then hand rolling became fashionable for a while and reduced the output."

August 7 and 8, 1919. George J. Whelan says:

"There are no earnings to back up the present stock exchange values. One big cigarette company is making no money, but keeps on hoping to lower costs. Even the prices of paper boxes have gone up tremendously. R. J. Reynolds [2] does $148,000,000 a year and will do $300,000,000. It will do seventy million cigarettes a day in the new factory. United Cigar Stores sell $10,000,000 worth of Camels a year. Reynolds has $10,000,000 A stock and $10,000,000 B stock, now $500 a share, will be $1000.

"All the 50,000 United Retail Stores stock I allotted to other people, taking none myself. At 92 I bought it all back and 15,000 more, for I had then purchased 65,000 shares.

[2] R. J. Reynolds Tobacco Company of Winston-Salem, N. C., manufacturers of Camel cigarettes.

"I lost $900,000 in 1917 on the breaking of the two tobacco pools. Storm had charge of the Tobacco Products and a profit of $600,000. With 75,000 shares in the pool and 60,000 shares in the hands of friends, the stock broke twenty points.

"United Cigar Stores cost the pool 109 and the shares were 112 when it was dissolved. One has got to be very careful how he operates for himself when he is operating for others in a pool.

"It cost James R. Keene [3] a big pot of money to settle in the matter of the Hocking Valley pool because he had sold and 'coppered' the pool. I never would trade when I was a trustee.

"Storm [4] never would sell. That is the trouble with most people, they cannot sell. When the bears pound down one of my stocks and I take it in in chunks, I sell it back on the rebound just as quick as I can. Then I can support the stock again, but if I should buy it on the advance I would be sandbagged.

"We had formed a pool in U. C. S. to do exactly what we are doing now, increase the dividend and give two for one, but the whole market broke down. Then it was no use for our scheme would have been no good.

"Look at the October, 1917, prices and see what happened. A gang of highly respectable men selling stocks short made a big killing. There was never any reason in the situation other than their operations for the decline in the stock market, yet see what they did.

"I sold all my United Cigar Stores and Tobacco Products and went to California. There is only one way to do when you are beaten in the market. Get out and clean up. We have made plans it will take two years to carry out.

"I receive no salaries. The United Cigar Stores voted me one of $100,000 but I have not taken it. If I took it I would not feel free. Ryan may be worth $60,000,000. He is a big power in the Street. I do not think Duke is worth $300,000,000. All these men are overrated. W. B. Thompson may be worth $6,000,000 or $7,000,000. Men can no longer make millions or have millions left after they have paid their income taxes.

[3] Mr. Keene accumulated $6,000,000 in the bonanza period of Western mining. Came to N. Y. Stock Exchange in 1877. Born, 1838, in London, Eng.

[4] A stock exchange operator a generation back.

"I expect U. R. S. to sell at 125 in a month if the market keeps up, but I am nervous over something breaking. The public has lost buying power and these stocks are not backed up by earnings.

"R. J. Reynolds is the only tobacco company that is not with me or the Ryan or Duke interests. Ryan was the largest owner in American Tobacco. He has $40,000,000 in it at market prices.

"R. J. Reynolds will sell at $1000. It pays $65,000,000 a year in revenue stamps, $11,000,000 in taxes, and only $4,100,000 in dividends.

"The tobacco companies are helped by advertising. Indeed it is largely a matter of advertising.

"I was in Atlantic City and Mrs. Duke telephoned that her husband wanted to see me. I came up and found he wanted to borrow my U. C. S. I said, 'No, you can't borrow any stock now, you let me sell your stock and an equal amount of my own,' and he agreed. Then I made him cover at Moore & Schley's all he had sold. The stock went from 225 to 255 and we sold all out. The stock fell to 205 and then to 195. Duke wanted me to let it alone as the stock would fall and he could buy it at 30 cents. But I would not have it so and came back into the company and made it a success.

"We are not going ahead with the candy stores for four months as our policy is not yet formulated.

"I read the morning specials in *The Wall Street Journal* and think it is the best part of the paper.

"Mitchell Palmer [7] is to be democratic candidate for President. General Leonard Wood has the inside with the Republicans.

"Jesse Livermore is a good fellow and wants to go into business.

"We shall take the grocery store business next and it will take two years to work out our plans for United Retail Stores."

[7] Attorney-General in Wilson's Cabinet, 1919-21. Born, Moosehead, Pa., 1872.

New York, October 30, 1919. Harry Weil [8] said:

"Then Whelan opened up to me what might be done by a corporation operating cigar stores. I said if he would raise half the money I would put in the other half. He did. Our total capital was $5,000. He named the company the United Cigar Stores; I was the treasurer and handled the funds. We opened a store in Nassau Street near the Brooklyn Bridge. I think it may be there yet. He expected $50 a day gross receipts but they were a disappointment and we had about $10. We bought eight cheap stores on upper Third Avenue, rather dirty, but where they made cigars at the back. They were all owned by one man who came in with us. He died worth a million and a half.

"I tried to interest Bernard Baruch. He telephoned Thomas F. Ryan, but Ryan did not believe there was money in the scheme. I incidentally mentioned that I had 5,000 Northern Pacific costing 92. Baruch said I was on the wrong track and called up C. S. Mellen, the president. Mellen said it was too high and gave an order to sell 2,500 shares. This unnerved me and I sold my stock at perhaps ten points profit. In a week or two I could have sold it for 600 a share as J. R. Keene would have paid me that for my 5,000 share block which meant control. The quotation was as high as $1,000. I thus lost $2,500,000 I might have had.

"My lawyer was Shrook;[9] I introduced him to Whelan and he is still with Whelan. I hired another lawyer and he asked me one day what I was signing and I told him I was treasurer of United Cigar Stores. He said it was too small for me to bother with and I agreed and he communicated my proposal to Whelan that I would sell out for cost and six per cent. Whelan sent me the check.

"I lost my money by accident in 1907. I was worth about $5,000,000 and was partner with Frank Savin,[10] formerly broker for John D. Rockefeller, and now worth about $5,000,000. Savin was a peculiar fellow. He would buy stock for you without margin. Then some day if he did not feel right, had not slept well or his breakfast was wrong, he would call

[8] Member, Augustus E. and Henry Weil, brokers; chief N. Y. backers of Thomas W. Lawson.

[9] Probably Sol Stroock of Stroock & Stroock, attorneys.

[10] Broker recently deceased, leaving huge estate on paper which shrank greatly on liquidation.

you up for $5,000 and if you did not promptly respond, he would promptly sell you out. I had a chill one Sunday morning. The doctor put me to bed and I was there unconscious with pneumonia for some weeks and nobody to look after my interests.

"Union Pacific fell from 180 to 100. Savin did not sell out, but when I was able to look after business, of course, I had to sacrifice and pay up."

New York, December 4, 1919.

With Malcolm Sumner [11] who represented Whelan in the deal with Loft. He offered Loft $2,000,000 cash and $2,000,000 in United Cigar Stores then about 100.

Counsel for Loft [12] said the maximum of $500,000 would be the amount of income taxes to be paid on the transfer. Sumner offered this, making a total of $4,500,000, but Loft declined unless they would guarantee all the taxes which both lawyers agreed was not fair. Then Loft incorporated down in Porto Rico.

Sumner says when a man exchanges shares and gets more par value than he had before it is the equivalent of a sale and he must pay taxes, but Roper [13] has ruled that if a man exchanged stock for shares of no par value there are no taxable profits. "That is why Mexican Petroleum must exchange for B shares of no par value."

En route to Chicago, June 6, 1920. Louis K. Liggett of Boston said:

"I have been offered the presidency of the United Retail Stores. You can ask me any questions concerning what Whelan has told you, but I cannot make any original statements. I don't think there is any disagreement between Whelan and his associates, but Whelan is not an organization man. He is a trader, a very good market man, and a very good runner. When he is licked, he will clean out and go away.

"When we traded for the Riker stores, I could not make out that Whelan had any interest in it. I believe he had sold out long before. He is a very quick seller when he sees the market fails to advance.

[11] New York lawyer; director in finance and hotel companies. Born in Baltimore, 1880.
[12] George W. Loft, founder of Loft, Inc.
[13] Daniel C. Roper, Commissioner of Internal Revenue, 1917-20. Born, S. C., 1867.

"Ryan is in control of the Lorillard Company [14] and Lorillard owns fifty-five per cent in the Schulte stores.[15] I lost $100,000 in the safety razor business, sold out and with royalties I have now cut my loss to $35,000 and may get out whole in the end. Gillette [16] has the whole safety razor business of the world. The concern that is first in the field, that gets the name and trademark, will always be able with good management to hold the business against any newcomer. There is no object at present in Gillette going after the American Safety Razor Corporation. Gillette believes in some competition and his competitors will be let alone until they get dangerous. When they get dangerous he can put them out of business.

"I had a good man as auditor, treasurer, etc., and advanced him to $35,000 a year. But he got a swelled head and as he lived in the summer time on Long Island near Percy Rockefeller's man, he explained the profits of the United Drug Company at $3,500,000 a year on an original investment of $7,000,000, so Percy Rockefeller and Sabin of the Guaranty Trust, who have a $15,000,000 investment corporation, put between $2,000,000 and $3,000,000 into the National Drug stores. Twenty-eight have been opened, one opposite the new Pennsylvania Railroad Station. The red figures for Mr. Percy Rockefeller are redder than any comic supplement. They have approached me two or three times to sell out. I will buy them in my own time and on my own terms when I get ready. Their red figures should be larger before I buy them.

"I am the largest owner in the United Drug Company. Government taxes do not permit me to sell my stock. J. B. Cobb [17] of Stamford, Connecticut, is the second largest owner. Duke owns one quarter as much as I have and about one half as much as Cobb has.

"Small chemicals, not heavy chemicals, have come down in price by reason of lower ocean freight rates. United Drug Company having reduced costs by reason of larger business has cut prices somewhat. Everything is lower in United Drug Company stores except stationery, which is up.

"I welcome lower prices. Everybody who turns his capital

[14] P. Lorillard Co., tobacco manufacturers.

[15] D. A. Schulte, Inc., chain tobacco stores, etc.

[16] King C. Gillette of Boston. Organizer and president of Gillette Safety Razor Co. since 1901. Born, Fond du Lac, Wis., 1855.

[17] John Blackwell Cobb died April 9, 1923, leaving an estate of $4,000,000, of which $1,600,000 was in the United Drug Co.

four to twelve times a year can make money on a falling market. I have always made more money on falling prices than on rising prices. Retail prices can be held until you replace your goods if you are quick about it. On a rising market you sell your goods as you hesitate to raise retail prices and you replace at higher prices."

January 5, 1922.

Spent the night with George J. Whelan at his Long Island home and retired at 3 A.M.

He believes that maintenance of dividends assists in the maintenance of earnings. If a dividend is reduced or passed, the net earnings are let down. There is no incentive to earn money.

American Tobacco will show for the past year $17; for 1920, $13; but the figures which he showed me indicate a continually narrowing margin in the tobacco manufacturing business. He maintains that the United Cigar Stores can open agencies by the thousand and he proposes an advertising campaign to assist.

He says the R. J. Reynolds Company in its recent cut on Camel cigarettes had to make rebate to dealers of $2,400,000. This cut of fifty cents puts the margin of profit on cigarettes from $1.10 per thousand down to sixty cents for the Reynolds Company. The American Tobacco Company must follow suit and its margin will go down from $1.20 on a thousand cigarettes to seventy cents profit on a thousand cigarettes. But Reynolds is spending money tremendously in newspapers and billboards over the country and its margin of profit is therefore narrow. The fifteen-cent package put out as "One-eleven" by American Tobacco and the fifteen-cent packages of the other people have been cutting into the Camel brand. Reynolds, having no fifteen-cent brand, has opened a tobacco war, the end of which may be rather disastrous if it is not fixed up very quickly, which Whelan hopes it will be.

The tendency is to cut the margin of profit in cigar stores as it costs just as much to hand out a ten-cent package as a twenty-cent package. The percentage of profit on a twenty-cent package makes a larger net return. Whelan figures six per cent on his gross sales for rent, six per cent for clerk hire, three per cent for premiums, one per cent for lights, one per cent for

overhead, and two per cent for miscellaneous and other things —a total of nineteen per cent, leaving nine per cent on a twenty-eight per cent margin. It is easy enough he says to trim this off to ten per cent on the gross sales, but when the expenses rise to twenty-three per cent it is dangerous. He has been at work for some months straightening out the United Cigar Stores and getting it into shape and has now come back into the belief of a great future beginning next July with possibilities of $100,000,000 gross sales. He plans a return to United Cigar Stores with regional divisions over the country and the abolition of United Retail Stores. He says Duke and Ryan are enthusiastic over the agency business. He will send me some figures out of which I may make further suggestions with regard to advertising. My suggestions to him about advertising United Cigar Stores sales of leading brands the past year and comparison appealed to him very strongly.

Cohasset, Mass., August 16, 1925.

George Whelan, William C. Durant, and Robert McClure [18] of New York spent Sunday at The Oaks, with the yacht *Pawnee* and its forty-miles-an-hour speedboat. Whelan says the United Cigar Stores Company is the largest seller of chewing gums and safety razors. $1,100,000 in chewing gum and nearly $2,000,000 in razors. They sell more American Safety razors, but more of Gillette blades.

"The gross business is $76,000,000, and $51,000,000 has to do with cigarettes and tobacco. Seventy per cent of our tobacco was cigars and thirty per cent cigarettes. Fifty-one per cent is now cigarettes, but we sell more cigars than formerly. The per cent is lower by reason of the great increase in cigarette smoking. I estimate there were formerly 820,000 places in the United States where you could buy cigars and cigarettes, but the wiping out of the saloons has reduced the number of places by thirty or forty per cent.

"There is no more sincere or ardent admirer of the man of business and creators of wealth than Brisbane. Hearst says: 'You know I believe in property, and you know where I stand on personal fortunes, but isn't it better that I should represent in this country the dissatisfied, than have somebody else do it,

[18] Probably Robert L. McClure, vice-president J. G. White & Co., director Foreign Light & Power.

who might not have the same real property relations that I may have?'

"Our real estate department has made but one mistake—that was the property purchased corner of Broadway and Cortlandt. We ought to have known that the Pennsylvania Railroad Terminal was moving, but were not alive to that situation.

"We made $600,000 in real estate in Florida in July, and the auditor hesitates about bringing such large figures into the monthly earnings. We are cashing in on real estate in Florida, and will have a profit there of $4,000,000 or $5,000,000.

"We are opening a hundred new stores in Florida. Outside of the Broadway and Cortlandt Street corner, we have never made a mistake in the location of our stores. Our policy is to lease for one hundred years or buy the corner we want, and then if we get our rent free we will dispose of all the rest of the property. At the corner of Vanderbilt Avenue and 42d Street we bought property opposite the New York Central entrance. We got our one-hundred-year lease, rent free, and the man to whom we turned over the rest of the property made $2,500,000 out of it, but we did not care; that is not our business. We were after rent. We are not in real estate speculation or to make money out of real estate. We operate to secure free rent for our stores; that insures our dividend and the safety of the profits of our business.

"Tobacco Products Exports is going to make good. It is earning eighty per cent on its cost of $5 a share. One share was exchanged for two. The stock is now earning $4 per share on the new stock, which is eighty per cent on the old.

"The original Sinclair people put up only $5 a share for their stock. That was the cost to Sinclair, Thompson, and the Chase Bank people and the original promoters. They sold stock later for $40 a share—and for $60, but the original stock represents $5.

"The man who puts out an enterprise, or takes the public money in an enterprise, is not obliged to make losses good from his pocket, but he is morally bound to sustain the enterprise with his brains and to stand by and help it. It is his child and he cannot divorce himself from it."

Chapter Eighteen

UP AND DOWN THE LADDER

This chapter covers three years—just a medley of the things busy Americans talk about in their off moments. All the datings are of the United States but occasionally some one from Europe, like Lord Rothermere or Admiral Niblack, enters a report on foreign scenes.

South Bend, Ind., October 14, 1923. Albert R. Erskine,[1] President of Studebaker, said:

"Joseph D. Oliver,[2] of the Oliver Plow Works, is regarded as the richest man in Indiana with about $30,000,000."

T. E. Donnelley [3] tells me that the pamphlet which assisted to nominate Coolidge at Chicago was gotten out in record time by R. R. Donnelley & Sons. They began the work at 10 A.M. and had it ready at 8 o'clock the next morning. They completed it in twenty-two hours, setting up the type, binding every book in leather with the name of a delegate or alternate delegate stamped on the outside cover.

Donnelley was in Washington on the War Industries Board and felt obligated to Gulliver of the Holyoke Paper Company, so he put the whole office at Gulliver's disposal.

R. H. Donnelley said: "It nominated Coolidge, for the speaker of Oregon who nominated him said: 'I don't know him; I just read this book.'"

Battle Creek, Mich., November 4, 1923. Admiral Niblack [4] said: "I was in Smyrna when the Greeks assaulted that peaceful undefended city, where the majority of the inhabitants were

[1] With Studebaker since 1911. Born, Huntsville, Ala., 1871.

[2] President Oliver Chilled Plow Works at South Bend since his father's death in 1908. Born, Mishawaka, Ind., 1850.

[3] President R. R. Donnelley & Sons Co., Chicago. Born, Chicago, 1867.

[4] Rear Admiral, American command in Western Mediterranean, 1918. Born, Vincennes, Ind., 1859; died, 1927.

Turks, and the actions of the Greeks were atrocious and an affront to humanity.

"Lloyd George is supposed to have been a tool in the hands of Zaharoff.[5] Lloyd George set on the Greeks to attack the Turks, but they went beyond all bounds. The atrocities of the Greeks against the Turks were so great that the British government would never allow them to be published. At one point not far out of Smyrna all the Turkish women and children were summoned to the Mosque to hear the terms of their captors, and then they poured kerosene over the Mosque and burned up the place with the women and children inside.

"I recently had some English and American Naval officers at lunch and I found every one of us was pro-Turk."

New York, December 18, 1923.

Lunched with Carse, President of the Submarine Boat Corporation. From one until three o'clock, after Herbert Straus[6] had left, we discussed reparations and German situation.

Carse says: "The British government paid us $70,000 royalty on every submarine built by Vickers. The United States government paid us $50,000 royalty on submarines.

"We claimed from Germany on four hundred and forty submarines $40,000 royalty and we think our claim pretty good, as it is the United States government that is suing on our claim in the reparations settlement and we hold security of Alien Custodian property."

New York, Wednesday, January 16, 1924. At dinner given by Mrs. Herbert Straus, Bunau-Varilla said:

"I was with the Assistant Secretary of State Loomis[7] and Senator Lodge[8] in 1905 and declared to them that a great war was impending as Germany had already made two war declarations—one in respect to Algiers and the other in demanding the putting out of the cabinet of Delcasse. The third must soon come. The result of our conversation was a letter from President Roosevelt to the Kaiser telling him that any attack on France would be considered an attack on civilization.

[5] See Chapter XXV, last section.

[6] Of R. H. Macy & Co., N. Y.

[7] Francis B. Loomis. President Japan Society of America and Italy; American Society. Born Marietta, O., 1861.

[8] Henry Cabot Lodge (1850-1924). U. S. Senator from Massachusetts from 1893.

"I also caused it to be rumored in Paris that the United States would defend France in the event of attack—thus a war was then prevented.

"The revolution at Panama would have been accomplished if Woodrow Wilson or Cleveland [9] had been President. Cleveland had already landed troops at the Isthmus during his Administration as was his duty to insure peace on the Isthmus according to the Treaty of 1846."

Charles M. Schwab said that after getting a $100,000,000 order from the British, he went up to St. Andrews Golf Club and Carnegie offered to make him a life member of the club to induce him to play more golf. The bill came in to Carnegie for $1,100. He said: "I don't understand this. It might be $1,000 or $2,000 and I would pay it; but $1,100 I don't understand. Send the bill to Charlie; he don't know the difference between $1,100 and $1,000." Charlie then said, "Mr. Carnegie, I thought you were going to make me a life member." Carnegie replied, "I went the limit when I proposed you."

New York. About February 20, 1924.

Cleaves,[10] manager for Hirsch, Lilienthal, at the Ritz office, said, "Philip Armour [11] died about twenty years ago and Ogden Armour became worth $200,000,000; yet Ogden went to bed every night at nine o'clock and started out to work every morning about six."

New York, March 17, 1924.

Arthur Lipper & Company bought 20,000 shares of Gimbel privately at 42½, five points under the market, and merchandized them out at the market.

Arthur Lipper [12] said: "Our expenses are $450,000 a year, which is entirely too much. You can count right in this office fifteen stock tickers at $25 a month—$375. When I open a branch office somewhere and get it going, pretty soon there are

[9] Grover Cleveland, 22nd and 24th President of the United States. Born, Caldwell, N. J.; died, 1908.

[10] Oliver Cleaves.

[11] Founder of Armour & Co., Chicago (1832-1901). Original of the father in Lorimer's *Letters of a Self-Made Merchant to His Son,* 1902.

[12] Banker; head of Arthur Lipper & Co., members New York Stock Exchange; director Artloom Co., Philadelphia.

half a dozen branch offices right around me and there isn't enough business for us all. The Stock Exchange ought to regulate this.

"Twenty years ago my expenses were about ten per cent of what they are now. In 1919 my earnings were five times as much as in 1916, but after extravagant expenses and taxes which beget extravagance, I had forty-four per cent less income than in 1916."

New York, March 27, 1924.

Lord Rothermere,[13] just arrived from London, said to me at the Plaza: "Lady Franklin told me at Cannes that d'Abernon had plunged on the German mark and lost everything. He has sold his London house and his country place and is in a bad way financially. The French papers openly charged that d'Abernon had backed the mark."

Rothermere wanted to know why there was so much sympathy for Germany over the world and among the leading people of England. He believed the proper policy was to let Germany sink.

Lloyd George stock was almost out of sight. Ramsay MacDonald[14] was doing well and showing some brains.

Sir Stanley Baldwin[15] was not defeated in Parliament and had a good working majority. He made the mistake of overvaluing his popularity and calling for an election, in which he was defeated.

March 27, 1924.

On the train to Boston, Galen Stone told me that all his money is out of Hayden, Stone & Company, except that each of his children has some money on deposit there. He thinks the capital of the concern is between $15,000,000 and $20,000,000, which included Charlie Hayden's fortune.

New York, September 26, 1924. J. P. Meserve said:

"I shall subscribe for the German loan and think everybody ought to, but there is a tremendous opposition in England.

"The English people will not stand for MacDonald's Ulster

[13] Viscount, British publisher. See Chapter XXIV. Harold Harmsworth; air ministry, 1918. Born, 1868.

[14] J. Ramsay MacDonald, Prime Minister of Great Britain. Born, Scotland, 1867.

[15] Chancellor of the Exchequer, then Prime Minister, Great Britain. Born, 1866.

settlement. Ulster was never before organized better than today for defense, and there is likely to be civil war in Ireland. There are 350,000 Englishmen well armed and ready to move into Ireland to defend Ulster."

Battle Creek, Mich., October 31, 1924. Dr. Kellogg [16] said:

"You must get down to 250. The record shows that every fat man is predestined to be a diabetic. Avoid candies as you would poison. You can live on dates, nuts, and apples."

New York, April 15, 1924. George J. Whelan said:

"You were very helpful in putting this market right last October. With your assistance and advice to Jesse Livermore, I was able to stem the tide and put the stock market up with the assistance of Duke and Wiggin, but the market was in a very bad way when we took hold of it.

"Livermore thinks a great deal of what you say. He is very sensitive to your antagonism, but I don't believe he could get round to be a permanent bull. It is in his blood to be just a trader.

"Duke made one of the biggest killings he ever made in Southern Railway. He bought it in the thirties and sold it around 51. He came through Washington. They told him there that there would be no dividend on Southern Railway."

Aboard "Orange Blossom Special," January 24, 1925.

A Spanish proverb says: "When two persons ride the same horse, one must sit in front."

Arthur Lehman [17] of Lehman Brothers says: "Our house is seventy-five years old and until recently there never was any other than a Lehman a member of the firm. A few years ago one of us found a Mr. Hancock [18] as a Navy Pay officer and immediately engaged him at $25,000 a year. We had nothing for him to do for two or three months. Then put him in charge of the Jewel Tea Company, and he brought it back from nothing to a premium for its preferred stock and about $70 for the common. His salary is now $75,000 a year and he has declined flattering offers."

[16] Dr. John H. Kellogg, director Battle Creek Sanitarium. Born, Tyrone, Mich., 1852.

[17] Director Continental Can, Studebaker, etc. Born, N. Y. City, 1873.

[18] John M. Hancock, partner Lehman Bros. Twenty directorates; Navy Supply Corps, 1914-19. Navy Cross.

New York, July 8, 1925. Elisha Walker said:

"There are only four owners in the new Pan-American Company, and of course it cannot be listed. There are $15,000,000 7% preferred shares, and when I sold to Inverforth, the Englishman took mostly preferred.

"Doheny and Inverforth could not agree on the British Mex Pete and Doheny sold out to Inverforth. Then Pan-American bought back from Inverforth the British Mex Pete for about $10,000,000 which represented a loss to Inverforth. I went after that money and Inverforth invested in the new Pan-American.

"The four owners are: Standard Oil of Indiana, Chase Securities, Blair & Company, and the English interests."

Chicago, Ill., June 18, 1926.

Krenn & Dato is the firm under investigation by Rockefeller's auditors who can make neither head nor tail of the accounts. Edgar Krenn goes everywhere with Mrs. Rockefeller McCormick.[19]

Krenn was a foreigner who understood court ways. She gave him $5,000,000 to develop her lands near Chicago, and he took Dato into partnership and Mrs. McCormick put up another $5,000,000. It is said also that she put in some additional.

They are making great profits on paper by selling $1,000 lots for $5,000, getting $1,000 down, and calling the notes all profit.

Chicago, June 29, 1926. Ernest R. Graham said:

"Charlie Schwab said to his wife: 'Old woman, we have had a good year and you can have $2,000,000 to do what you please with.' The next morning she said, 'Charlie, did you mean what you said last night?' Mrs. Schwab took that $2,000,000 and started a home for boys on Long Island. There was never a word about it in the newspapers."

Graham said: "Be drunk with your subject and you will win. Mrs. Gardner[20] was a wonderful woman, but when aroused could swear the equal of any man. When in her beautiful palace an old woman took her hatpin and tried to jab an

[19] The former Mrs. Harold F. McCormick, née, Edith Rockefeller, daughter of Mr. and Mrs. John D. Rockefeller.

[20] Mrs. John L. Gardner of Boston, whose house on the Fenway was a show place and is now an art museum. Née Isabella Stewart of New York.

object on the table to see what it was made of, Mrs. Gardner, who was standing by very simply dressed, exclaimed, 'Jesus Christ, woman, this is no bargain counter!' "

New York, July 7, 1926.

The Phipps Estate of Pittsburgh are behind Chace [21] in International paper. Chace was also the fellow that put up that tanker syndicate in New England oil, but nobody has ever fished him out.

August 27, 1926. George Whelan, talking from Watkins Glen, N. Y., says:

"The keynote to this market is that George F. Baker has sold his Steel, and Steel has got to go down to 120 so that the insiders can get their stock back.

"I understand that Germany is arranging to ship 3,000,000 tons of steel into this country.

"Germany can sell cast-iron pipe in this country at $15 a ton below the American price. The outside world can make pig iron at $11 or $12 a ton today. The President has the right to increase the duty on pig iron or other imports that are being dumped into this country, and the duty on pig iron was put up from seventy-five cents a ton to the limit—$1.05.

"I crossed the ocean with Delancey Nicoll,[22] who is Ford's lawyer, and has been doing business for him in Germany. He said that Ford has a new car to compete with the Chevrolet and everything is settled except the hood; that Ford is down to 3,000 cars a day."

Chicago, November 20, 1926. Vice-President Dawes [23] said:

"The Germans have the will to pay. Their wonderful industry is asserting itself. Their credit is rising—(Mitchell told me Friday that the Germans were now borrowing at lower rates than London can). The Dawes Plan is now showing a large surplus; there are eleven billion marks of railroad liens under it, and there can be no failure until the securities under the plan (I think he said something about 325,000,000 marks) are exhausted."

[21] Malcolm Chace, director International Paper, Chace Mills, etc., and investment banker of Providence, R. I.

[22] Senior member Nicoll, Anable & Nicoll. Born, Shelter Island, N. Y., 1854.

[23] Charles Gates Dawes, Vice-President of the United States, 1925-29; "Dawes Plan," 1923; present ambassador to Great Britain; founder Central Trust Co., Chicago.

Chapter Nineteen

POLITICIANS AND THEIR PREY

By way of background for this extraordinarily revealing chapter, the reader should understand that C. W. B. was an unconditional Republican, and an uncompromising conservative. His friends, by and large, were of the same persuasions. It is hardly to be expected that one so environed would hear much in approval of President Wilson or President Roosevelt. Coolidge was C. W. B.'s ideal statesman, not only because he was a friend and neighbor, but also because he never rocked the Ship of State and gave business the go-ahead signal.

In this chapter C. W. B. will be found at two political conventions. He gives us some excellent touches of the 1920 Chicago convention, and of its nominee, President Harding. The Lodge interviews are especially illuminating as revealing that acute Senator's estimate of Coolidge, which C. W. B. dutifully records although he is himself an ardent admirer of the Northampton statesman. From the latter's White House interviews, we have eliminated, of course, everything of a controversial, political, and diplomatic nature.

New York, March 1, 1916. Walter Newman [1] said:

"I am a Jew by descent and should carry the title of Baron from my ancestors in Frankfort. My wife is a daughter of Senator Moon [2] in Virginia, and that is why I was present at the dinner in Washington which the papers alluded to. The newspapers said there were four people present, but there were really seven including myself and my wife.

"There was at the dinner the President's daughter and her

[1] Walter G. Newman is described in the New York *Sun* of June 15, 1914, as "a familiar figure on the streets of Washington." A letter of his dated May 29, 1914, on Senate stationery and boosting the stock of the Gold Hill Consolidated Gold Mining Co., caused a Senate investigation. The stock put out at $5 rose to $7, and then fell to ten cents a share. Newman died in Sept., 1918, at the Hotel Chatham, New York. Not a highly dependable witness, but a spectacular plunger.

[2] We cannot identify Senator Moon. Mr. Newman's first wife was a Moore of Virginia.

husband, Mr. McAdoo.

"Samuel Untermyer [3] was present. President Wilson said, at this dinner, to his son-in-law McAdoo: 'I don't know but I have made a mistake in nominating Brandeis [4] to the Supreme Bench. The opposition seems pretty strong.'"

"Thereupon Untermyer rose and delivered a speech declaring what this appointment meant to the Jewish race; that he, Untermyer, and Brandeis had worked for the country and the uplift of their race and for the Democratic party and Mr. Wilson, and that he, Untermyer, had been of great assistance to Mr. McAdoo. He alluded to the progress he, Untermyer, had made and his beautiful estate up the Hudson, and declared that he stood ready if need be to put $1,000,000 into the campaign to insure Mr. Wilson's reelection by carrying New York. He declared that the Jewish race was with Mr. Wilson in this nomination.

"He brought tears to the eyes of Mr. Wilson and his daughter."

At George Vanderbilt's Cottage, Bar Harbor, Me., August 10, 1917. Ogden [5] of F. B. Keech & Company said:

"Schwab went immediately to Washington at the opening of the war and said to Secretary Daniels [6]: 'You and I have had some differences in the past, but we must be patriotic and support the country. I am ready to forget all and turn over everything to the government.' And Schwab explained his position in detail.

"Daniels said, 'That is very interesting.' Schwab left Washington very mad."

General Horace Porter [7] spoke up: "A boy Scout representative went to Baker [8] before the war and asked support for the

[3] Attorney, New York; counsel for Congressional Comm. in Pujo investigation. Born, Lynchburg, Va., 1858.

[4] Louis D. Brandeis. Appointed Associate Justice of U. S. Supreme Court on January 28, 1916, and assumed office June 5, 1916. A bitter contest developed in the Senate over his confirmation. Born, Louisville, Ky., 1856.

[5] John Routh Ogden was admitted as a member of the N. Y. Stock Exchange, representing F. B. Keech & Co. on April 26, 1917, and died on March 31, 1921. Trained under James R. Keene.

[6] Josephus Daniels, publisher. Secretary of Navy, 1913-21. Born, Washington, N. C., 1862. Resides at Raleigh, N. C.

[7] Soldier, diplomat. Brig.-Gen., 1865; ambassador to France, 1897-1905. Born, Huntingdon, Pa., 1836; died, 1921.

[8] Newton D. Baker, lawyer, Cleveland. Secretary of War, 1916-21. Born, Martinsburg, W. Va., 1871.

movement. Baker said: 'How dare you come here? I am a member of every peace society in the U. S. and your movement will get no support from me.' "

Keech [9] was a West Point man and married Miss Williams, daughter of the president of the Chemical Bank. Williams [10] made Keech resign and set him up in business.

August 5, 1918. S. S. Megantic, bound for Europe. Rev. Dr. Newell Dwight Hillis, talking with Furber and myself, just before 10 P.M. said:

"I want to talk with you two gentlemen while the others are out, and would like to get your advice and opinion concerning this. Lloyd George sent through our Ambassador Page [11] directly to President Lowell [12] of Harvard University, and Ex-President Taft, inviting them to come to Europe and make a series of addresses, shortly after the German offensive of March 21st, last, which produced in the English Army 286,000 casualties, including 6,500 officers. Lloyd George desired, as he expressed it to Ambassador Page, to cement the relations of the two nations and hearten the men and women of England.

"Taft and Lowell went down to Washington and conferred with Wilson, telling him they proposed to accept the invitation."

President Wilson said, according to Hillis: "Professor Taft, don't you understand that there are one, two, or three million Irish Americans in this country, and also about 8,000,000 Germans loyal to the United States? I think we have already been too close to England, and I hope to see the relationship less close after the war." Ex-President Taft said, "In that event, Mr. President, there is no need of our proceeding further." They withdrew. Hillis said: "I have exact memory of the exact conversation because Taft repeated it to James M. Beck [13] and Beck repeated it to me. Later Roosevelt [14] told me the same thing, having heard all details from President Lowell."

F. A. Delano,[15] Federal Reserve Board, who had been invited

[9] Of F. B. Keech & Co., director Nat'l. Surety Co., Nat'l. Indemnity Co., etc.

[10] President and director Chemical National Bank, N. Y. Twelve important directorates in 1898.

[11] Walter Hines Page (1885-1918); journalist. Ambassador to Great Britain, 1913-18.

[12] A. Lawrence Lowell. President Harvard University since 1909. Born, Boston, 1856.

[13] Solicitor-Gen. U. S., 1921-25; 70th Congress. Born, Philadelphia, 1861.

[14] Former President Theodore Roosevelt.

[15] Frederic A. Delano, vice-president Wabash, 1905-11; Federal Reserve Board, 1918; resigned to enter army. Born, Hong Kong, China, 1863.

to Mr. Furber's cabin then came in and I stopped our conversation. Imagine our surprise later when Dr. Hillis pointed out that Roberts,[16] now on board the boat, and a very close friend of Colonel House, had told Hillis that he had named to House his ideas of peace terms, and House had responded, "You are altogether too severe," and Delano broke in with the information that he believed House reflected President Wilson's views, according to what the President had told Professor Lowell.

I said, "How did you know?" He said, "Lowell told me." I said, "What did he say?" He said, "We have already been closer than I wish to Great Britain." Hillis was also very much surprised. Further conversation revealed Delano had received the full account from President Lowell as narrated by Hillis.

Hillis further said in the evening that Senator —— told him that he had been summoned to the White House with about twenty other Democrats, and that Wilson had said to these leaders: "This country has never had a Democratic administration since the Civil War. You may think Cleveland's administration was Democratic. It was not. Cleveland was a conservative Republican. You must keep your hands off this Democratic machine and leave it to me. I propose to put the progressive element of the Democratic party in control to remain there for fifty years. We shall have the railroad vote, the post office employees, the telegraph and telephone vote, the miner's vote."

Washington, D. C., February 12, 1918.

Breakfasted with B. M. Baruch[17] at 8 A.M. at his residence, the home of R. S. Reynolds Hitt, 1520 Eighteenth St.

Baruch said: "I suppose I am closer to McAdoo than anybody else except the President, for I have known him for many years and believed in him. You remember perhaps a remark of McAdoo's that a friend walked into his office at the time of the First Liberty Loan and wrote on a piece of paper a subscription for $5,000,000 bonds. That happened to be I. I had more money on hand than usual and my affairs were very liquid, and although I wanted more than $5,000,000 of those bonds I put

[16] Probably Elmer Roberts, newspaper correspondent and author, who was in charge of the Associated Press staff covering the Peace Conference, Paris, etc., 1918-20. Born, Lagro, Ind., 1863.

[17] Chairman of the War Industries Board.

down for that amount and I have got them all now. Three and one half per cent tax free is good enough for me.

"The financial and commercial interests of this country have not stood by me as they ought to. I pleaded with the steel people to make a fair rate. I was ready to pay them 3.50 or 3.75 cents per pound for ship plates and they would not take it but they had finally to take 3.25. When Northcliffe came over here he tried to run things. He wanted to pay two cents for ship plates and very much lower prices for copper and other supplies, but I stood like a rock against him.

"He thought he was going to dictate prices in this country but I quickly showed him he could not.

"Perhaps I don't stand for anything, but I will tell you an incident. Only yesterday a contract was brought to me for approval. Of course I had no title and have no authority and this official had the sole authority to sign the contract and make the purchase. He asked for my approval. I said: 'You think this is the right contract and price: why don't you sign it? You are the official and the responsible officer.' He said, 'I won't sign it unless you approve it.' And I said that I did not approve it and he therefore declined to sign it. This is just the kind of work that citizens are doing in this republic in support of the Administration. Each member of the War Industries Board gets a salary of $5,000 except myself. I have a $1 salary on another board and therefore cannot take the $5,000."

June 5, 1920. On Board Convention Special from Boston. Frederick S. Snyder[18] said:

"Hoover is the greatest business man in the world. His friends made a campaign for him in California where under the law you did not have to ask for a candidate's consent. It so cut down Johnson's plurality as to make practically a Johnson defeat.

"I saw a great deal of him during the war as I was associated with the government in fixing the profits in the packing industry. Hoover has wonderful foresight and organizes for the situation which he sees coming months ahead. He placed the right value on pigs in respect to corn values and we got 4,000,000 more hogs the year we wanted them. He figured fairly for profit and then for a stimulating profit.

"He warned Wilson on the sugar situation and told the

[18] President Batchelder & Snyder Co., Boston; meat packers.

government the dangers of taking off the food control, but Redfield [19] and Glass [20] advised Wilson the other way. Redfield declared that the government control over food must end in order to bring down the cost of living and if his ideas did not prevail he would feel at liberty to present the case to the country.

"Hoover and the rest of us declared that the removal of food control would raise prices.

"Hoover never accepted the government's figures. When the government figured that we would have forty million bushels surplus for export, Hoover sent his own agents out and finally figured a deficiency of one million bushels. Then he started the cry throughout the country to save wheat and flour. So effective was this that we were actually able to export sixty million bushels that year.

"Hoover is wonderful as an engineer in finding a situation and the remedy for it before the people know the situation exists. I don't think he is worth more than $2,000,000. At one time he had 155,000 men under his direction. If the war had not come on he might have been worth $25,000,000 or $30,000,000 for he had a big investment in Siberian mining which the Bolshevik government wrecked. Three companies had bankrupted there before he came, but he studied the situation thoroughly, raised his capital, built his villages for his employees, and had all his preparations before he started mining. Then he was able with only one per cent profit in the overturn to make fifteen per cent to seventeen per cent on the capital.

"Hoover believes in capital and the property and competitive system. He says socialism is a failure in whatever form it is tried. Hoover has fought the English in the food control business and the facts ought some time to come out. Do you know the English are still buying their meats and food supplies in this country through a single agency? All the purchases are bunched and put into one control that enables them to put down prices and beat us in the food business."

June 5, 1920. En route to the Republican Convention at Chicago, special train leaving Boston 3:40. William H. Coolidge [21] said:

[19] William C. Redfield. Secretary of Commerce, 1913-19. Born, Albany, 1858.

[20] Carter Glass, U. S. Senator from Va.; Sec. of the Treasury, 1918-19. Born, Lynchburg, Va., 1858.

[21] Boston lawyer; on many directorates. Born, Natick, Mass., 1859.

"Allen [22] and Coolidge or Coolidge and Allen might be a good ticket. You are right that Coolidge has a winning quality, something of the A. Lincoln type. He might be the hardest man to nominate and the easiest to elect. Politically he is damn selfish, not so heartless as McCall, but in the campaign where Weeks was up for senator and Coolidge for governor, Coolidge never mentioned the name of Weeks in the whole campaign. He was afraid lest he offend some of the McCall [23] people opposed to Weeks.[24] Yet in the last election it was the money of Liggett and Weeks that pulled Coolidge through.

"He gets great credit for the police strike, but as a matter of fact it was all over before he came in. His address to Gompers was very weak when he said that he did not appoint Mr. Curtis.[25] But his one sentence 'No man had a right to strike against the public safety' got the country. As a matter of fact, Curtis put it right up to him: 'I'll not resign. You can fire me or back me up.' And Coolidge backed him up."

June 6, 1920. . Approaching Chicago. Charles E. Pierce [26] said:

"Four years ago when the nomination was offered to Senator Lodge he said he was too old. If Senator Lodge were today fifty-five, you could bet your bottom dollar he would carry the nomination and the country. Murray Crane [27] served on the National Committee for twenty-four years and resigns, of course, to take effect after election. Crane put over Hughes the last time and it was his great mistake.

"Come any time for a drink or a good cocktail to Room A6, Congress Hotel, Senator Weeks's headquarters."

Representative Frederick Dallinger [28] of Massachusetts said:

"Lansing [29] was fired because Wilson found out he wanted Marshall to assume the Presidency during Wilson's illness. Wil-

[22] U. S. Senator Henry Allen of Kansas; ex-gov. Born, Warren Co., Pa., 1865.

[23] Samuel W. McCall, Governor of Mass., 1916-18. 53rd to 62nd Congresses. Born, E. Providence, Pa., 1851; died, 1923.

[24] John Wingate Weeks (1860-1926). U. S. Senator from Mass., 1913-19; Secretary of War, 1921-25. Born, Lancaster, N. H.

[25] Edwin U. Curtis, police commissioner in famous Boston strike, 1919. Once Mayor. Since deceased.

[26] General Electric Co., Boston and Washington.

[27] W. Murray Crane (1853-1920). U. S. Senator from Mass., 1904-13.

[28] 64th to 70th Congresses. Born, 1871, at Cambridge, Mass.

[29] Robert Lansing (1864-1928). Secretary of State, 1915-20.

son gave the excuse that Lansing called a Cabinet meeting. The Cabinet is not mentioned in the Constitution and there is no objection to the Vice-President conferring with the heads of departments."

Chicago Convention, June 7, 1920.

Butler [30] is only a stalking horse. Vauclain will be candidate only if there is great demand for a business man.

Gary of U. S. Steel Corporation is looking to the same proposition. Allen is too new for a Presidential candidate. Thompson says he will support Johnson [31] for the Presidency if nominated and the business men of California had nothing to fear from Johnson. Fifty business men arrived this morning from California to support Johnson. Johnson is to make an address at 9 P.M. at the auditorium theater.

Mrs. Lowden's pearls are showing up big at dinners in Chicago.

The three leading candidates are disqualified now unless Wood shows up on the first three or four ballots. Liggett says anybody who gets 400 votes can go over. Nobody can get them.

General Wood [32] is described to me as a pathetic figure in Chicago, almost on the street corners begging votes and shaking hands with everybody. He is said to have had four different managers since the campaign started.

Hays and Crane are working on the platform. No confidence by any of the delegates in their candidate. Crocker [33] is with Johnson but does not want him. Crane could have made Weeks President in 1916 but he preferred to put over Hughes.

Lodge was to go to Wood on the second ballot, but has been induced to give two votes for Coolidge.

June 7, 1920. Chicago. William Boyce Thompson said:

"It is anybody's guess at present time. No man can pick the winner. In England bookmakers will bet you even you cannot pick six horses from entries that will start the race. A can-

[30] Nicholas Murray Butler. President Columbia University since 1902. Born, Elizabeth, N. J., 1862.

[31] Hiram W. Johnson, U. S. Senator from California since 1917. Born, Sacramento, 1866.

[32] Leonard Wood (1860-1927). Maj.-Gen., Gov.-Gen. Philippines., 1921-27. Candidate for Republican nomination for the Presidency, 1920.

[33] William H. Crocker, president Crocker First National Bank, San Francisco. A powerful political figure in California.

vass shows that of the horses entered for training, not one in ten has the stamina to go through the training and come up to the line in condition."

This is what Hiram Johnson told his followers: "I have the entire German vote and I have got all the Irish vote. I don't want to be called a second Theodore Roosevelt. I want you boys to understand I am the first Johnson and I am Johnson the first." This was a conversation overheard by a Philadelphia newspaper reporter whose bed was against Johnson's connecting door.

Dr. Hillis and Percy Furber communicated this information to Lowden.[34] Lowden told Hillis: "Since I joined your church in Chicago and have tried to lead a Christian life, I want to do the will of God. If I am not nominated, it will not cause me one sleepless night, while if I am nominated, I shall have many sleepless nights. My one ambition is to free labor from the dominion of Gompers.[35] Everybody should be free to labor how and when he pleases and not under Gompers' dictation. We want to keep this convention sweet and clean and engender no hard feelings anywhere."

William H. Coolidge said:

"This matter of money does not count. How are you going to have direct primaries without money for advertising and printing to make a campaign? Unless money is put up behind somebody, a man can only be nominated because he has some newspaper or some Ford Motor organization behind him."

Chicago Convention, June 7, 1920.

Shook hands with General Leonard Wood and told him to be careful of his health. He said he was growing fat on it. Senator Moses[36] told me just afterward that he gained nine pounds weight on his last campaign and I should judge that he had gained at least this since I saw him in Boston. General Wood said Whelan would be due here Wednesday. Moses said if the issue was not settled by the sixth ballot there would be sixteen ballots.

[34] Frank O. Lowden, Governor Ill., 1917-21. Candidate for Presidency, 1920. Born, Sunrise City, Minn., 1861.

[35] Samuel Gompers. President American Federation of Labor from 1886, except one year. Born England, 1850; died, 1924.

[36] George H. Moses. U. S. Senator, N. H., since 1918. Born, Lubec, Me., 1869.

Hillis says: "It looks like Lowden. Knox [37] will give the word to the Pennsylvania delegation to support Lowden, after they have cast their complimentary ballots. Lowden has been second choice all through New York."

Chicago, June 9, 1920. Senator Lodge said:

"General Wood has the best show at the Convention. I don't understand this talk that is going all over the country that Wood could not be nominated. People were getting a little different view today when the delegates were arriving, and they were found to be for Wood. There is no reason why Wood could not be nominated."

I asked him what about Coolidge. He replied: "If I tell you what I think, you will say that I am not a friend of Coolidge. Yet I am a friend of Coolidge and I don't think he has the slightest chance. What would we do with him as a campaign speaker over the country?"

I said, "There is some talk of Hughes." [38] He said, "Hughes was at one time a good speaker, but he somehow failed to carry conviction and his speeches grew weaker toward the end."

Later, Murray Crane spoke to me downstairs and said: "There will be merry music in the Convention tomorrow morning. The Johnson people demand a plank against any League of Nations while we want to support the action of our Congress in a League with reservations. They have notified me that they will give me until five o'clock to come over to their side on this matter. I told them I was not even a member of the Committee. They said I could change it and if I didn't they would attack me. I said I did not see what they had to attack me about as I was not a responsible party. But they insisted that I could change it. I think it would be a good thing to have Johnson show down his strength on a test vote on his proposed resolution."

Later in the evening I was told by newspaper men that Borah [39] and Johnson had decided not to make the test.

Later in the day Senator Weeks told me: "I had a brother in

[37] Philander C. Knox (1853-1921). U. S. Senator, Pa., 1904-09; 1917-21. Secretary of State, 1909-13.

[38] Charles Evans Hughes, Governor of New York, 1908-10; Associate Justice Supreme Court, 1910-16; Rep. Candidate for Presidency, 1916; Sec. of State, 1921-25; Chief Justice Supreme Court, 1930.

[39] William E. Borah, U. S. Senator from Idaho since 1907. Chairman Foreign Relations Comm. Born, Fairfield, Ill., 1865.

Oregon who traveled several miles to hear Hughes. Then he wrote me a letter saying it were better that Hughes had never come to Oregon. He seemed to have nothing to talk about. Perhaps it was because he listened to all the local influences for this, that, and the other, and took up every topic suggested in the way it was suggested to him. Dominated by local influence wherever he went, he yielded to them and made no impression."

Weeks said that if Coolidge were nominated he should stay right in the State House and let people come to see him just as McKinley stayed at home and received his delegations on his lawn. When he had something to say, it was carefully prepared and there was always some delegation to whom it could be said.

Washington, May 16, 1921.

Vice-President Coolidge and Eliot Wadsworth,[40] Assistant-Secretary of the Treasury at dinner with me this evening. Previously had three-quarters of an hour with Coolidge by appointment in the forenoon and later saw Henry Cabot Lodge at the capitol.

Lodge said he did not want to do anything to help the Germans. What the people owed us abroad they would have to pay in time.

This evening Wadsworth stayed until 10:30. He said he had been five times in Europe and he could not yet see where we could go in and help anybody. It did not seem to him that the time was right for helping. As to getting any assent to a non-taxable international loan he thought it would be a discrimination against our own loans.

Coolidge told me this evening that we had about 15,000 American troops in Germany but he did not think that was a matter of much concern to the public. Wadsworth said that Germany owed for occupation in respect to these troops one billion gold marks or the sum Germany is expected to pay to the allies in a few days.

Washington, May 17, 1921. Met Secretary Hughes and spent half an hour with him in company of Sam Hill. Hughes said:

"I cannot say what is going on. Of course many things are going on that we cannot talk about, but you ought not to mini-

[40] Mr. Wadsworth filled the above post, 1921-25, and represented the government in settling Rhine occupation costs, 1923. Born in Boston, 1876.

mize the importance of an executive utterance which declares that by the eternal we are going to have what belongs to us.

"I agree with you that it is too early to have public discussion upon any American help to the European situation. We must first find out from economists and bankers what the situation is in respect to placing a loan. Then comes the question of the political situation. At present in the United States the temper of the people would by no means stand for aid to Germany on the basis of a tax-free bond."

In my interview with Senator Lodge at the Capitol Monday he said most emphatically, "What Germany must do is repudiate her internal debt."

I replied: "Not repudiate, but set aside. There is no necessity for destroying the hope of the people that they may ultimately pay themselves."

Washington, March 28, 1922. 1 P.M.

With Mark Sullivan,[41] listened to President Harding in his talk with the newspaper men. Afterwards had a personal talk with the President. I asked him if there was any prospect as to future helpfulness in the European situation and he replied: "I hope so and that there will come a time when we can help. We do not go in at Genoa because this conference is largely political and we are not in European politics. It is not an economic conference." (His exact words about helping Europe were: "As to future helpfulness I hope so, and that there will be a time we can help.")

Later Vice-President Coolidge at my rooms at the New Willard declared: "We were barred out from the Genoa Conference when Poincare [42] declared that France entered the Conference on condition that German reparations were not to be discussed. That of course barred us out since we cannot discuss foreign indebtedness without discussing reparations. The trouble is France. She treats what Germany owes to her as a reality; what she owes to us as not a reality. She has 'debts actuelle' and 'debts politicale' and the debt to us is not classed as an 'actuelle debt.' We want to help in the European situation, but the trouble is France. It will take time for the French people to become enlightened."

[41] Washington correspondent and historian. Born, Avondale, Pa., 1874.

[42] Raymond Poincare became President of France in 1913 and premier in 1922. Born, Bar le Duc, 1860.

Mark Sullivan said to me: "Clinton Gilbert [43] of the Philadelphia *Ledger* probably wrote most of the *Mirrors of Washington*. I offered to bet him or anybody else $100 that he was the author. He did not take the bet. But Gilbert says he did not make the book. He has a pessimistic vein and writes people down to show their small side. He is a pessimist.

"Child [44] was a personal appointment by the President. Child went out to Ohio, lived with Mr. Harding during the campaign, and the latter became very fond of him.

"Harding initiated the Washington conference. He told me that he first thought of it when voting against the League of Nations and that something ought to be done. But he had then no idea that he was to be President of the United States and do it. Later it was rather precipitated upon him because Great Britain was liable to call the conference if he did not. He would have liked to delay and come to an understanding with Great Britain, before calling the conference, but it was called without preliminary understanding or negotiation.

"The importance of economic questions is very great. Secretary Hughes once said to me in discussing another matter, and almost unconsciously, 'Politics must follow economics.'

"Dawes is making good one hundred per cent. Tumulty [45] had made a fortune out of his book of which 300,000 copies have been sold."

Interview with Secretary Hughes at 4:15 P.M. *at the Department of State.* He said:

"We have a great interest at the Genoa Conference and want to listen and get all information. We have made a great effort in the way of peace disarmament and reduction of budgets and in the future that effort will be appreciated. Child will observe for us at the Conference. He is a good man."

Later saw Secretary Mellon at the Treasury Department and he asked my views as to the foreign situation, and I promised to send him copy of memoranda which I sent through Lord

[43] Clinton W. Gilbert of Washington, correspondent. Born, Long Island, N. Y., 1871.

[44] Richard Washburn Child. Ambassador to Italy, 1921-24. Born, Worcester, Mass., 1881.

[45] Joseph P. Tumulty, secretary to President Wilson; author *Woodrow Wilson as I Knew Him*, 1921.

Riddell [46] to Lloyd George and also talked somewhat upon my idea of a non-taxable international bond. He said he supposed if anything were done in this country to help the situation abroad there would be some people kicking about it. I also read him the enclosed from my pocketbook—the situation in brief as I summarized it. I urged him to send Eliot Wadsworth and also urged Wadsworth to go to the Conference.

Mellon said that we had no policy as yet toward Europe, and Hughes said the same thing. Mellon said he thought an international tax-free bond would go on a four and one-half per cent basis. Mellon said watchful waiting was our policy toward Europe. The Commissioners for the debt refunding have not yet been appointed.

Eliot Wadsworth said, "Under the law the commissioners have power to defer the interest for twenty-five years," but I cannot so read the law. Mellon looks worn.

August 25, 1921. Somewhere in Vermont. Vice-President Coolidge said:

"The greatest working men in Washington are the secretaries, Weeks, etc. But Hoover has gotten through his work so as to have more time to leave than perhaps anybody else. Nobody can take hold of the railroad situation and quickly reduce wages. The situation must work out with time.

"Cheer up. Something always does happen to help things out.

"Taft came through the Presidency best as respects health. Every other President has been killed. I thought it best to look after my health and came here after talking with the President and representatives of both parties.

"You are right that the burdens of the Presidency are too heavy. They are killing. Every man from abroad must see the President. The Vice-President will not do. He feels he has been wronged if he cannot see the President.

"It usually takes nine months to make a tariff, to raise two or three hundred millions. Now we hope to make one to raise five or six hundred millions and it must take time. How we are going to raise the taxes I don't know. How you can get

[46] George Riddell, first Baron Riddell, created 1920; newspaper publisher. Represented British Press at Versailles, 1919; at Washington Conference, 1921-22; and at Geneva Conference, 1927. Born, 1867.

railroad prosperity with wages one hundred and twenty-three per cent increase and rates only sixty-five per cent increase, I do not know by any mathematics.

"Five million unemployed in the United States does not mean five million idlers in need. The fact is that everybody worked during the war and unemployment covers many people who do not ordinarily work."

Washington, D. C., March 28, 1922. D. J. MacMillan [47] said:

"I have bought 3,000 shares of New Haven today through Prentice & Slepach, through whom Percy Rockefeller does his business. The tip is that it is going to 35 and will have a tremendous upshoot.

"Percy Rockefeller made big money both ways. He made $40,000,000 on the upswing of stocks and $25,000,000 on the downswing. He had the largest short interest out of anybody, but on the $25,000,000 he made in shorting stocks he will have to divide with the government in taxes. Rockefeller made the big money shorting Sinclair.

"I am advised that within thirty days New Haven will have back its trolleys. Thomas F. Ryan tells me Sinclair is going up and Sinclair will take over Mexican Seaboard. That will be the point on which they will distribute Sinclair stock.

"There is no chance for a ship subsidy and no chance for a bonus. Washington is the best place to live in. There is not only a pure, clean social atmosphere here and a good climate, but there are plenty of leaks. You can get from the Interstate Commerce Commission what is going on in the railroads.

"I have great respect for newspaper peoples' joint opinion. They did not like Wilson but they respected him. They like Harding but they do not respect him. Neither do the Senate and House respect him, although he has the elements of leadership. He, himself, said he was Main Street come to Washington.

"J. J. Hill did not believe that he was going to die and therefore he had no will. Mrs. Hill also left no will. There were three boys and four girls.

"Louis Hill [48] is the ablest one. He has the backing of Morgan and Baker and also of Mrs. Sam Hill who lives here in Washington. The rest of the family are against Louis. The fight

[47] Donald J. MacMillan, L.B., 1900, Univ. of Wisconsin. Prominent in Washington, 1921-23. Now in N. Y. City.

[48] Louis W. Hill. Chairman Great Northern Ry. system. Born, St. Paul, 1872.

is over trusteeship and Louis is opposed by all the daughters except Mrs. Sam. The Hill people are going West soon because there has been brought in a 2,000 barrel oil well at Keever Mountain on the Great Northern around which the Hill people have 100,000 acres of land.

"Livermore, I hear, is worth about $8,000,000 but he will be worth less after he has settled his taxes. I was caught short of 1,000,000 bushels of corn when it went up over fifty points because of the shortage of cars to move it. When I heard there were 37,000 cars to be released for this traffic, I notified Livermore and he sold corn at the top eighth, 162⅛, and he made a killing but never let me in on it. I told him my situation. He said if I would close out my shorts on cotton and corn he would put me in on stocks and make a million for me. I sold out and owed $159,000. He does not know the meaning of the information he gets. When I told him that under the Lever law they were going to proceed against the American Woolen Company for having closed its mills, I asked him what permission he had to interpret law. But he went ahead and smashed American Woolen and made big money. Percy Rockefeller also made big money shorting American Woolen.

"Here is where you get the information, right in Washington, if you keep close to the Federal Reserve Board and the Interstate Commerce Commission. They tell me from the office of the Interstate Commerce Commission that Peoria & Eastern four per cent income bonds are making a wonderful showing; that the road has turned the corner.

"New Haven is in a strong position because it owes the government so much money.

"The farmer bloc has done its work and is now through. They signed a round robin, held up the country until the farmers could get about $400,000,000 more money for wheat and corn. They had $7,500,000 behind them and plenty of money to spend. Kenyon [49] was their leader and now Capper,[50] who has an income of $500,000 or more a year from his agricultural papers. The farmers have a league of 1,500,000 members contributing $5 a year. They are organized but Wall Street and financial interests are not organized and have no real repre-

[49] William S. Kenyon, U. S. Senator, Ia., 1911-1925; U. S. Circuit Judge. Born, Elyria, O., 1869.

[50] U. S. Senator from Kansas. Proprietor *Capper's Weekly* and other farm papers. Also of *Topeka Capital* since 1892. Born, Garnett, Kan., 1865.

sentation down here. Never do anything for defense except at the last moment.

"When J. S. Bache came down here with a brass band, he tried to see an influential member of Congress who sent back word that he would see him in a fortnight. I said, 'Why do you ask me to take that word to Bache?' He said: 'Because it will take about that time to put him in a receptive mood. For two weeks he can knock his head up against blind alleys in Washington and in the end he will be ready to listen.'

"Leaks are not as valuable as formerly because they are too common now. All the treasury clerks were tipped off on this Marlin-Rockwell [51] Company and bought the stock. Roper's firm got $100,000 fee for settling that tax business with the government. One of the broadest men here is Hayden [52] of the Detroit *News* and he is a booster for Hoover. It was this gang that wrote the *Mirrors of Washington,* although Clinton Gilbert of the Philadelphia *Public Ledger* wrote most of it.

"Louis Seibold [53] broke with the *World* over Swope and is now doing great work for Munsey and the New York *Herald.* He is making this fight against the bonus.

"Hoover is handling the railroad situation for the Administration. He has made the best statement for the railroads that has even been put out and yet the papers have never published it in full.

"Forney Johnston [54] is only forty-three years of age. Taft says he is the best young lawyer in America. He wrote that pamphlet interpreting the recent decision under the railroad act which the Association of Railway Executives has published.

"Livermore not only made big money in cotton and corn, but in smashing General Motors. He is not known to the Morgan people but he really drove the concern into their hands. He got wise to the action of the Federal Reserve Board, when it went after the Federal Reserve Bank at Kansas City two years ago. The Federal Reserve bank passed a resolution forbidding the loaning of money to banks which were loaning money on stocks. Durant had placed the General Motors money in many banks all over the country and then slipped in General Motors

[51] Manufacturers of ball bearings, etc.; six days after this interview, on March 28, the New York *Times* announced the end of the tax dispute affecting the company.

[52] Jay G. Hayden, in Washington for the Detroit *News* since 1915.

[53] Veteran newspaper correspondent and author. Born, Washington, D. C.

[54] Lawyer, Birmingham, Ala. Presented before Committees of Congress the basic rate—making principles embodied in the Transportation Act, 1920. Born, Selma, Ala., 1879.

shares into these banks, but he only borrowed about four times the money that he had on deposit. This took the shares out of Wall Street and the banks were fully protected because he furnished the cash reserve to carry the stock by giving them General Motors treasury money. The Federal Reserve Board got wise and they raised the rediscount rate on one Kansas bank to fifteen per cent under the fine clause for banks when reserves go down."

Yonkers, N. Y., July 6, 1922.

Motored uptown with William Boyce Thompson and spent night at Yonkers with him, talking until late and also the next morning.

He said that about $6,000,000 had been spent in the primary campaign for General Wood. Penrose [55] was opposed to him, because although Wood was a good fellow, he was incompetent for President. So much money had been spent for Wood and with the investigation on that had been started by Republican Senators to kill off Wood, that it was advisable to make the limit of campaign contribution $1,000, but there was no limit on the State contributions or the Senatorial Committee. Every Congressional District and every State had all the money it could use. In all $6,000,000 must have been spent.

"The Senate must be controlled and there are Senators from different States who must be looked after. Harvey [56] was the connection with J. D. Rockefeller. Hays is not through politically, though W. B. T. may be."

June 14, 1923. U. S. Senator Henry Cabot Lodge of Massachusetts said:

"It would take an army of 500,000 men to enforce prohibition and the appropriation of Congress is only $6,000,000.

"It was a mistake to deprive people of beer and light wines and I said so and it cost me 30,000 votes in Massachusetts, and nearly cost my election, as my majority was less than 2,000. I had to get 30,000 votes elsewhere, but I got them.

"People here have no conception of the strength of the temperance anti-saloon sentiment in the West and in the South. The wet and dry issue is the torment of the Democratic party.

[55] Boies Penrose (1860-1921). U. S. Senator from Pennsylvania, 1879-1921.
[56] George Harvey, editor *Harvey's Weekly.*

Governor Smith cannot be nominated or elected as President. Besides, he is a Catholic and the people will never elect a Catholic President.

"McAdoo is the logical candidate for the Democrats. He is very vulnerable. There is nothing for the Republicans to do but to endorse their own Administration and renominate Harding and Coolidge. I have not talked to Coolidge and have no authority to speak for him, but if such action is required, I would advise him that as a Senator from Massachusetts he will be in a comfortable position for life. I do not know whether he would be willing to run. I think he would not, but he certainly could be elected. He would poll the whole Republican strength.

"I don't think Coolidge is patriotic enough to take the field for the senatorship in Massachusetts. He likes his present position and wants to be reelected.

"Harding is very satisfactory to the financial interests. He has improved very much in an understanding of the true relations between capital and labor and I don't think he will repeat the mistake he made on the shopmen's strike, where he was advised by Hoover.

"Harding is very strong and sound on the railroad situation. I don't think, as you suggest possible, that at Kansas City he will speak for sound railroad finance, high railroad wages, and low railroad rates. Harding is sound on the bonus, while I was unsound. Ford is an impossibility.

"The Republicans are alive to the financial situation and are now raising their money. I don't think there was any large amount of money spent for the Republicans in the last election. It wasn't necessary to spend it.

"I wish W. B. Thompson had raised more money than he did. He even wanted Will Hays as President. The Republican party was left $600,000 in debt and we have just succeeded in raising the money to pay it off.

"I think Butler will raise the quota in Massachusetts. At the last election it was $150,000 and it was provided that part of this should be first spent in Massachusetts, and the balance turned over to the National Committee. But there wasn't any large balance.

"I think Butler [57] would make a very good account of himself in the Senatorial contest.

"There is no thought of nominating Johnson of California for President, even if Ford was nominated by the Democrats; there is nothing for the Republicans to do but endorse their own Administration and renominate and reelect Harding. And I think it can be accomplished.

"I do not see how Harvey is going to run the Morgan house in London. It is utterly absurd that our Ambassador to England should receive a salary of only $17,000 per annum. The statute has never been changed from its old wording of the time of the Civil War when this amount was named as payable in gold.

"That is exactly what Charles Francis Adams [58] received, yet think how values have since changed. Choate [59] told me it cost him $60,000 a year and John Hay spent $100,000 a year."

I told Lodge that I would try to start agitation soon so that our foreign ambassadors could be decently housed and supported.

Lodge said: "When Harding asked me if I had any objection to Child as ambassador to Italy, I said, 'No,' but I was astounded to find when the nomination came in the next day that he was a Massachusetts man. I had never heard of him as living in Cohasset or Massachusetts. He was very helpful to Harding and wrote much for him. He has done wonderful work at Lausanne and at a tremendous expense. I don't know how he supports himself on his salary and does the work he does for the United States. Perhaps his novel writing helps him.

"I was surprised to find after he was nominated that he was not only a Massachusetts man, but very highly connected and very well descended."

Algonquin Club, Boston, June 17, 1924. At lunch with Frederick C. Dumaine and Hearst's new Boston manager, who said:

"Harding was made a fool of. He liked a game of cards and

[57] William M. Butler, textile mill owner, New Bedford, Mass. U. S. Senator, 1924-26; Chairman Republican National Committee, 1924.

[58] U. S. Ambassador to Great Britain, 1861-68. Born, 1807; died, 1886.

[59] Joseph H. Choate, lawyer, wit, and diplomat. U. S. Ambassador to Great Britain, 1899-1905. Born, 1832; died, 1917.

he liked the girls. He would slip out of the White House evenings and go over to the little red brick house and have a game of poker and a good drink. The people who put up the jobs would say, 'Hand over your money to us and come around to the little red house this evening and we will show you our influence with the President.' Then they were permitted to peek over the stairs and see the President come in. And, of course, gave up their money, which Harding never got.

"Harding could not maintain the dignity of his office, and his friends continually sold him out.

"Coolidge knew nothing of this or of Jesse Smith [60] or Daugherty [61] while Coolidge was Vice-President."

"The little red house was owned by McLean.[62] At one time Jesse Smith and Daugherty lived there.

"Mr. Hearst wants to support Coolidge if he can. He was in favor of Mellon's tax bill.

"There never would have been any oil scandal in Washington if Doheny had kept still. Mr. Hearst looked over certain private papers of citizens and then sent word to La Follette [63] to hold off on the oil investigation as they would never get anywhere going into private records of certain people. And you may remember the oil investigation was held up for two or three days. It was to proceed on a Monday, but was postponed from day to day and the private records were never shown. There was nothing in them and Mr. Hearst stopped it by influence with La Follette just at that time.

"The Hearst estate was $40,000,000. Mr. Hearst has that and a great many millions more. He recently sold $12,000,000 bonds at 96½ because he wants to expand and buy other New England dailies."

New York, November 7, 1924. At my dinner November 7th to James J. Davis,[64] Secretary of Labor, at the Ritz-Carlton, E. J. Henning [65] told a good story of President Coolidge:

[60] Jesse Smith, from Washington Court House, Ohio. Committed suicide, 1924. The most extreme version of Smith's death is that he was murdered. See Gaston B. Means' testimony.

[61] Harry M. Daugherty, Attorney-General, 1921-24. Born, Washington Court House, Ohio, 1860.

[62] Edward B. McLean, publisher of the Washington *Post*, D. C.

[63] Robert M. La Follette (1855-1925). U. S. Senator from Wisconsin, 1905-25. Candidate for the Presidency, 1924.

[64] Secretary of Labor since 1921. Born, Tredegar, S. Wales, 1873.

[65] U. S. Dist. Judge, Calif., Supreme Dictator L. O. O. M., 1915-16.

"He always cleared his desk in the morning and then was ready to receive visitors. On one of these occasions when there had been whisperings and conspiracies well known to Coolidge as to how he should be shoved aside and somebody else nominated, etc., a member of Congress called and said, 'I suppose you are very busy.' President Coolidge quietly responded, 'Well, not particularly; but there are those who are.'"

Boston, November 10, 1924. Interview with William M. Butler in his office, 77 Franklin Street:

"We shall have $200,000 or $300,000 left over from the campaign, which should carry us as an organization up to the next Congressional election. Four years ago the National Committee ended in debt to the tune of $1,600,000, and the notes were in the bank. The indebtedness was not cleaned up until last June. That committee spent $7,100,000. We have raised perhaps $3,200,000 and our record shows $600,000 or $700,000 more collected, but that was only passed through the National organization treasury over to the state committees.

"I was solicited to get a subscription from Henry Ford long ago, but I said I did not care for Henry Ford's money; what I wanted was his endorsement of Coolidge. The first man I sent to him was slow about it and then I got somebody to introduce Frank Stearns to Ford and he went to Detroit. The endorsement was very helpful when it did come.

"When Mr. Stearns was in Chicago I could turn important people over to him and he could talk with them and save my time.

"I sent J. B. Reynolds [66] to Coolidge to get a statement to climax the campaign Monday night, but Clark [67] said Mr. Coolidge did not approve it. I said, 'Did you see Coolidge himself?' And Reynolds responded, 'No.' I said, 'Then go back to Mr. Coolidge and tell him what I want—a little address of common sense inviting people to vote as a duty of citizenship, the sacredness of the ballot, etc., etc.' And Coolidge said: 'Does Butler want me to do it? All right.' And he did it with just the right touch.

"I told them in the beginning that oil would cut no figure in the Republican campaign and some of the people thought I

[66] James B. Reynolds, ex-Secretary Republican National Committee.
[67] Edward J. Clark, personal secretary to President Coolidge.

was crazy when I dismissed the subject; but it was scarcely mentioned in the campaign.

"The *Literary Digest* poll was in many respects absurd; but the poll that I had proved up in every state, I was able to send Mr. Coolidge before election a memorandum of the number of electoral votes he would receive. I came within three votes and it is not yet certain where I was that three votes out, for New Mexico is still in doubt; and it was New Mexico as well as Wisconsin that I had figured for La Follette.

"La Follette is, of course, a minority candidate now in Wisconsin as his plurality over Coolidge of more than 100,000 was far less than the number of votes Davis received in Wisconsin.

"I think La Follette's slate is completely smashed.

"I understand that lately Billy Coolidge has been saying: 'I told you so. Calvin Coolidge is vindictive and that is why Louis Coolidge [68] went down.' "

Cohasset, Mass., August 25, 1925.

By appointment called upon President Coolidge at "White Court," Swampscott, and first listened to his interview with a dozen newspaper correspondents, in which he seemed to have little to say, but of which the newspapers made much.

Afterward we talked for more than half an hour privately and frankly. The President first inquired after my own health and then that of Wendell and Martha [69] and Jane and Hugh.[70]

We spoke briefly of the coal strike. I told the President there was nothing in it; we had plenty of substitutes for anthracite coal.

The President, who has been drinking Oaks Farm milk this summer, said I certainly made most excellent milk. He said he had meant to come down and see me this summer, but Tarbell [71] had taken nearly four weeks of his time to paint a picture for the State of Massachusetts. He gave him sittings for about four weeks, devoting an entire forenoon to him. The State of

[68] Louis A. Coolidge (1861-1927); treasurer United Shoe Machinery Co. from 1909; Asst. Sec. of Treasury, 1908-09; candidate for the Republican nomination for United States Senator, 1924.

[69] Wendell and Martha—Wendell Endicott and his daughter Martha. Martha's mother (also Martha) had been dead nine years.

[70] Jane and Hugh—Mr. and Mrs. Hugh Bancroft. Hugh Bancroft rose from private to Major General in Mass. Nat'l. Guard, 1894-1909. 1st Lt. and Adjt. 5th Mass. Inf., U. S. Vols., Spanish-Am. War. Lawyer and author, *Inheritance Taxes for Investors, 1911; Inheritance Taxes, 1912.* Born, Cambridge, Mass., 1879.

[71] Edmund C. Tarbell, painter; many medals. Born, W. Groton, Mass., 1862.

Massachusetts had made an appropriation for a portrait of himself and Tarbell had declared that every hairline must be exactly right.

The President further said: "My plan is to go on the *Mayflower* to Plymouth and then motor to Cohasset. I should certainly like to see your cows. I don't know whether we can lunch with you or not, but how much notice would you require if I found the time to come to Plymouth?"

I responded that we could be ready for him on the shortest notice.

The President seemed much impressed by the crime wave, but I declared this was a local problem. Chicago certainly had wealth enough and force enough to curb her criminal classes.

When I left "White Court" the newspaper men assailed me at the gate and wanted to know what I discussed with the President. I said we were old personal friends, and his friend H. B. Endicott and I were grandfathers to the same grandchildren and our families knew each other very well. "Did you discuss the coal strike?" I said we did not discuss the coal strike. Wall Street was not interested in the coal strike.

Later interviews appeared in the newspapers over the country as to my views on the coal strike as expressed to the President, and I rather suspect that as there was nobody else about, the President thought it good politics and good for the public and the threatening strikers to let out what I said.

Washington, D. C., January 2, 1927.

Lunched at the White House at 1 P.M. with the President and Mrs. Coolidge, their son John, and Mr. and Mrs. Frank W. Stearns. Talked with the President in his library upstairs for an hour and a half afterwards, leaving the White House shortly before 3:30. I arose several times to go, but the President seemed in no hurry, so I sat down again. He seemed interested in what I had to say, and still had questions to ask after I thought I was through.

Frank Stearns was with us at first. Before the President came into the library, I broached the subject to Mr. Stearns of a United States warehouse and marketing commission, independent as the Federal Reserve Board, and free of politics, with $100,000,000 capital, authority to build elevators and cotton storage, etc., and to advise on marketing and regulation of out-

put with proper charge for storage, advances, etc. The President joined us and wanted to knew how about prices. He said that the danger was from politics, and that the farmer would demand legislation to fix prices and God Almighty could not buy or store all that the world might produce.

At the luncheon I talked mostly with Mrs. Coolidge of Queen Marie of Rumania, etc., and got many laughs out of the President. Mrs. Coolidge recalled her visit at Cohasset, and the abundance of lobsters I gave them at luncheon. We spoke of fresh figs, and I mentioned the fresh figs and persimmons I gave the Queen, and her Thanksgiving dinner on the *Berengaria* with me. The President was much amused at the maid at Battle Creek telling Senator Butler's daughter, Mrs. Ellis, that Mr. Barron was going abroad, and on his own boat, the "Barrongaria." [72]

At the luncheon, which was of soup, delicious scallops, tender broiled chicken, delicious New England apple pie and coffee and hot milk especially made for me, Mr. Stearns invoked the Divine blessing. Later I asked Mr. Stearns about the picture of Mr. Coolidge over the mantel and what Wendell [73] had said to me—"Why is it that nobody can paint a picture of Coolidge with any expression?" Stearns said, "He is a tough subject in repose; when his face is relaxed, it is blank." I said, "Mr. Coolidge should be painted as Count Tamburini painted the Queen on the *Berengaria*, by first studying her expressions by the hour as he faced her from his table in the dining room."

After John had said "Good-bye" and Stearns had left the library (John was going back to his school at 2 P.M.), the President and I talked on many things. I took in shorthand what he said about Burrell [74] and his deposits of the State's money in banks.

I reviewed the motor and Ford situation with him, told him that the Chrysler people estimated there would not be a fluctuation of more than five per cent in the motor business in the coming year, what Raskob had said to me about the solidity of

[72] No notes of this journey are in hand, but from C. W. B.'s secretary, we learn it was almost entirely a pleasure cruise. The big event of Mr. Barron's outward-bound journey was a dinner he gave for Queen Marie of Rumania, a fellow passenger. Extensive notes were made but they have not been discovered as yet.

[73] Wendell Endicott.

[74] Fred S. Burrell, former State Treasurer of Mass., who resigned under fire when Coolidge was Governor. Burrell sued the *Boston News Bureau* for $100,000 for alleged libel, losing the case in 1930.

the motor business, on so solid a basis that replacements now took care of the motor output except for 500,000 new cars annually to be sold. I explained to him how Donald Conn [75] regulated the output of the railway requirements of this country. I would soon find out from Conn, who may go fishing with me, when the slack would be taken up and there would be a demand for more locomotives and new cars. Explained how fashion regulated things, and that the Ford car was behind the times. Ford's obstinacy to meet the public demand for luxury in transportation has put out of the running the old Ford car, which, as Raskob said, needs to be redesigned to meet new conditions.

The President was much interested in my description of the business situation which had put art into motors and was ruining Ford, and that a business setback would send people back to fundamentals in transportation and help Ford, etc. The President said, "Yes, women don't like to ride in a Ford now."

I told the President my experiences in Mexico, what I learned from Zaharoff recently, and about the franc, and that British treasury officials laugh over the idea that they could not pay $160,000,000 a year or four per cent of the English budget to the United States.

Gloucester, Mass., August, 1927.

With W. P. Hamilton lunched with John Hays Hammond at his Gloucester home, with Ira Copley [76] of Chicago and Senator Arthur Capper of the Topeka *Capital,* and others.

Capper said: "I was a guest of President Coolidge at Black Hills [77] when he made his famous announcement, 'I do not choose to run, etc.' I was his house guest the night before and told the President what great confidence the people had in him, etc., without a thought that he would not be the next candidate.

"The President rises early; we had breakfast at 7:30 and we rode to the business office at Rapid City, arriving there about nine o'clock.

"The President gave his attention to the business of the day and about 11:30 told Secretary Sanders to send in a stenographer, that he had a statement he thought he would make, that

[75] In charge of the bureau established by the railroads to regulate freight-car allotments.

[76] Ex-Congressman, 62nd to 67th Congress; then publisher Elgin, Aurora, and Joliet Ill., dailies; bought Kellogg chain of newspapers in California. Born, Knox Co., Ill., 1869.

[77] In South Dakota, where the President spent the summer of 1927.

he was not going to run for President, and he desired Sanders to make twenty-five copies of it for the newspaper men and have them all in at twelve o'clock.

"The President dictated his brief statement and when the newspaper men came in at noon he handed each man a copy. They seemed astonished and said, 'Mr. President, is there anything more to say?' The President replied, 'No, nothing more at this office today'; and then, turning to me, said, 'Well, I guess we had better start back,' and picked up his hat.

"As we motored back I said, 'You gave those newspaper boys the surprise of their lives.' The President chuckled and said, 'I guess that is right; I don't think they expected anything of the kind.' The President seemed to feel greatly relieved.

"He said: 'Four years ago today I went to the White House. The people are entitled to know. I think they will understand from this little statement.'

"It was rather a bad day, and the President said, after luncheon, 'I don't think I will attempt any fishing today.' In about an hour he got up and said, 'I think I will take a nap.' "

August 25, 1927. Interview with Frank W. Stearns. He said:

"James [78] is the great man, of course, in Northern Pacific and Great Northern. Morrow could approach him better than anybody else, but Morrow is overworked, killing himself. He will not be back from the West for some time as he is going ranching after seeing Coolidge. I stay at the Morrow house in New York, and most of the time Morrow is not there. He is keeping engagements."

I said, "Would you as a friend of Coolidge, without regard for the country, advise him to take four years more of the Presidency?"

Stearns said: "Certainly not, but I should like to know before deciding the matter what is in the back of his head. Once when he started to speak to me on the subject I said, 'Please don't, I don't want to know.' I want to be ignorant on that subject now, and we have never since brought up the subject, so I don't know his position or what is in the back of his head."

I said, "It has just come to me that the candidates should be the governors of New York and Massachusetts, but I have never

[78] Arthur Curtiss James; director of many railroads. Trustee Amherst College. Born, New York, 1867.

heard anybody mention Fuller [79] for the Presidency." Stearns said: "I have heard it mentioned and commented upon, incidentally, although nobody has brought him forth for exploitation. Perhaps a hundred people have mentioned him to me. He has made a good Governor, but I have determined not to say a word concerning any candidate or anybody for the Presidency, not even to Mrs. Stearns.

"This I can say, however; I believe I have talked, concerning the Presidency and the President with more people than any other man in the United States, and I find that the reasons that determine people to vote for a governor, a senator, or a legislator are quite apart from reasons that determine their Presidential vote. They will elect Ben Butler [80] Governor of Massachusetts, but when it comes to the Presidency, the aspect of the people is different. It is quite a different situation, and the people regard the Presidential office quite differently.

"I wrote a letter when Coolidge was Lieutenant-Governor of Massachusetts, describing his qualities. It was a letter to an association of young people, and I was astonished to find how accurately I therein described the qualities of Coolidge. He has proved himself just what I said he was.

"The Presidency carries tremendous responsibilities, and is a tremendous strain. Coolidge was fifty-five on July 4th last."

Boston, September 6, 1927. Interview for over an hour with Senator William M. Butler at his office. He said:

"What do you think of Dawes? He has always been regular, while Hoover has not always been with the party, and there is great political opposition to Hoover.

"Dawes's end-play in support of the McNary-Haugen Bill was to help put the banking bill through. I think you are right that that was a sound banking measure, but you are also right in believing that Coolidge does not like Dawes. At the White House they do not like it that he was with the McNary-Haugen Bill, but I can see that he was in the way of getting through the banking bill of which he had charge. He has been for many years in the national life.

[79] Alvan T. Fuller. Lt.-Gov. 1921-25; Gov. 1925-27. Previously in Congress. Born, Boston, 1878.

[80] Benjamin F. Butler (1818-93); Major-General Civil War; Gov. Mass., 1882; Presidential nominee of Greenback and Anti-Monopolist parties, 1884.

"Governor Fuller could not be nominated. He is not known outside of the State.

"I think Coolidge wanted to warn me in advance concerning his declaration that he 'did not choose to run,' but I did not pay much attention to it at the time.

"When I went West his directions to me were to look out for the good of the party. There is no question but that Coolidge could have been nominated had he desired the nomination. Mrs. Coolidge did not know of his declaration. Probably nobody did beforehand. I think it is a good idea to keep quiet for some time.

"I do not think that either Mr. or Mrs. Coolidge are worn out with the White House duties, as you suggest.

"As for myself personally, I should probably never have been in my present position had I gone to a university. I left school at about sixteen and went to work later. I had ambitions to study law, went to law school and got my degree, and was successful for many years in law. As I made money I invested in mills of New Bedford. They then wanted in New Bedford to start another mill and name it for my family. As it was to be on the property my family had once owned, I permitted them to name it the 'Butler Mills' and took considerable interest in it.

"Then I put in more and have gone on investing and buying mills and expanding them. They are run by practical men who have been brought up in the business, and they are good men, because they do not feel that they have been to a university and know everything. They rate themselves rather under first-class. You cannot class the New Bedford mills with the other New England mills in decay under orphanitis."

Providence, R. I., April 11, 1928.

Met Bradford S. Peck.[81] He is said to be the political boss of the State. He is Chairman of the Finance Committee of Rhode Island National Republican Committee, and interested in several local corporations.

He is said to be blunt, tactless, but doing good work, is active and progressive, and may be about sixty-one years of age.

He says he likes to sit down with Hoover at Washington,

[81] Lawyer; since deceased. Succeeded in political power by his brother, Frederick L. Peck.

with not more than half a dozen at dinner, and then you get information; but Hoover will not attend big dinners. He cannot see him, however, as a candidate. People are expressing themselves everywhere against him. They do not want this country put in charge of an engineer with a pencil and a pad before him. You cannot run a government that way.

He said Senator Metcalf [82] did not know what he was about in turning the State over to Hoover, but the delegates were not unanimously for Hoover. At least five of the twelve were for somebody else.

He says: "It was originally arranged that we should hold enough delegates in reserve to defeat Hoover and put over Coolidge at the proper time. The Ohio Senator [83] was to hold his delegation and the New York delegation was to be tied to Hughes, and that would prevent anybody rushing the Convention; but Hughes has declined, and the Ohio Senator died, so that our program has been spoiled."

[82] Jesse H. Metcalf. U. S. Senator since 1925. President Auburn Woolen Co., Born, Providence, R. I., 1860.

[83] Frank B. Willis, U. S. Senator from Ohio. Born, Lewis Center, O., 1871; died, March 30, 1928, while campaigning for the Presidency.

Chapter Twenty

BOOM AND COLLAPSE

Among the Palms and Prices of Florida

During 1927, when a combination of hurricanes precipitated the collapse of the Florida boom, C. W. B. made two journeys to that beautiful and well-advertised peninsula, to which he had been a frequent visitor for many years. In January the optimists were still in the saddle, with their chatter of millions for this or that sandy islet. But by March the banks were crashing, and those who went to play in a large way remained to contribute to rescue funds. Nevertheless, after discounting the boom, the picture of Florida which C. W. B. leaves includes a phenomenal rise in values and a horde of thoroughly solvent persons telling each other how they did it.

New Found Harbor, Monroe County, Fla., January 29, 1927.

With Mr. and Mrs. Charles Newton Munson. He tells me that he investigated the Atlantic coast from Trinidad to Labrador and Baffin's Bay and decided upon this point which he purchased twenty years ago. He had to negotiate with Judge Locke [1] who was a United States Judge in Key West, but had a summer home in Maine. The Judge did not want to sell the lower key at the southeast corner of the harbor which Munson now occupies; he preferred to sell the whole to Munson—two hundred and fifty acres on the east side of New Found Harbor for $750. The Judge had taken them up from the government in 1884 for $1.25. The keys are still taxed at $6 an acre.

In 1925 Munson sold the big key for $115,000 taking mortgage for $85,000, and he will have to take it back as the company has no money to go ahead with the development that was planned although they sold some lots.

Charles Jones [2] of the Commonwealth Shoe Company wants

[1] James William Locke (1837-1922) was a navy officer, 1861-64, and stayed South to become U. S. District Judge for the Southern District of Florida, 1872-1912. Born, Wilmington, Vt.

[2] Charles J. Jones, president Commonwealth Shoe and Leather Co. of Boston; vice-president Nat'l. Boot & Shoe Manufacturing Ass'n., etc.

to take it over and Munson will resell it to him when he gets it back. The ninety-seven acres turned out to be one hundred and twenty acres.

The land company plotted this key for $2,000,000 of improvements and a selling value of $22,000,000. There is a natural harbor of four feet depth that was to be deepened to eight feet. There was to be an eighteen-hole golf course.

Munson sold to Percy A. Cook [3] of Scotch Plains, N. J., whose father originated the Orpington chickens, one of these keys for $10,000 and gave him the little island right south so that he could keep his chickens on it. Cook later sold this little island to Hugh M. Clopton, realtor, of East Orange, N. J., for $25,000. Both now have houses on them.

Miami, Fla., February 23, 1927.

Dr. Curtis H. Muncie,[4] aurist, told me of his success in opening the Eustachian tube from inside. A child once inadvertently bit a finger and put him out of business for some weeks; and now his fingers are insured for $400,000.

He told Mrs. Bishop later that his clinics here in Miami showed him that the tissues were softer in this climate and could be better manipulated than in any climate he had ever found.

Palm Beach, Fla., March 6, 1927.

At the Bath & Tennis Club found William Boyce Thompson who has had a little discouraging time of late. Therefore I did not talk business with him.

Cocoanut Grove, Fla., March 1, 1927.

With Dr. William J. Matheson [5] and Mr. and Mrs. E. J. Pearson [6] and their son, Harlow Pearson.

He took 2,800 loads of débris off his place following the September hurricane. He lost 40,000 out of his 60,000 cocoanut trees on Key Largo but has now planted 120,000 more.

Matheson believes Corn Products a better investment than

[3] William Cook built up this breed in Kent, England, about 1886. Specimens were brought to America a few years later. At the New York show in 1903, William sold a Black Orpington cock for $750.

[4] Dr. Curtis H. Muncie demonstrated this new operation "Reconstruction of the Eustachian Tube" by establishing forty-two clinics in America and Europe. Past president International Society for Otological Research, Inc. Born, Brooklyn, 1887.

[5] Vice-president, Corn Products Refining Co. Born, Elkhorn, Wis.; died, 1930.

[6] Former president of the New Haven. Born, Rockville, Ind., 1863; died, 1929.

Allied Chemical, but the latter after ten years of experiment is now to build a giant plant that will make nitrogen from the air cheaper than the government or anybody could make it with Muscle Shoals as a gift.

Palm Beach, March 10, 1927.

The Italians here think James J. Phelan,[7] with his brown skin, an Italian opera singer and call him Signor Phelano.

Hollywood, Fla., March 18, 1927. At Hollywood, Fla., met J. W. Young.[8] He said:

"Since the blow we have laid sixty-six miles of new sidewalks at a cost of $1,500,000.

"The loss of Tent City was a loss of $410,000 and there isn't $25,000 worth of salvage in it. Eight miles of sea-wall have been ordered."

Young owned all Signal Hill below Los Angeles and sold it for nothing. He let fifteen hundred acres go to the city for $100 per acre for the water wells of the city. From this Signal Hill $250,000,000 worth of oil has been taken.

Miami, March 18, 1927. T. Coleman du Pont[9] said:

"I sold the Equitable Life Insurance Company Building at $40,000,000 less commission. When approached I said it was not for sale. They questioned my statement and I said: "I did not say I would not sell. I said it was not for sale, but I will sell anything at ten cents more than what I value it at."

Miami, Fla., March 20, 1927. Mayor E. C. Romfh said:

"The Farmers Bank & Trust Company of West Palm Beach, the eighth largest in the state closed last week. The bank examiner estimated $4,000,000 would be required to stay the run, for $2,000,000 had been paid out and only $43,000 in cash remained.

"The meeting was at the Oasis Club Sunday evening to raise the funds. Col. Bradley[10] of Lexington, Kentucky, and the banks at Miami offered to underwrite $1,250,000 in addition to $500,000 he had already placed to the credit of the bank in

[7] Boston financier, member Hornblower & Weeks.
[8] Promoter of the Hollywood, Fla., real estate development.
[9] U. S. Senator; president E. I. du Pont de Nemours, Inc., 1902-15.
[10] Col. E. R. Bradley, sportsman.

New York and Cincinnati. Another million was also pledged but the company failed to raise the $4,000,000.

"The Citizens Bank of West Palm Beach pulled through with half a million of currency from Miami Banks raised on $1,500,000 collateral furnished by the banks. They had perhaps $2,000,000 of deposits and the bank was not two years old.

"People are taking up mortgages at twenty or thirty per cent discount. We are closing five to fifteen transactions that way every day in the bank.

"The hurricane was a good thing in that it forced people to recognize the situation. People did not know for a few days whether they were alive or dead and then they had to stop land speculation, or wait for something to advance, and go to work. One man came into the bank and said that he had just now realized that he had to go to work.

"The hurricane killed the black flies as well as the land speculation."

Palm Beach, Fla., March 20, 1927.

Earle Charlton told me there are eighty-four cabanas at the Bath & Tennis Club, and there is a wrong view up North concerning Palm Beach. It is not as the North thinks—a jazz and chorus girl place, and he hopes I will help to get the right view up North concerning Palm Beach.

In the afternoon drove Mrs. Egan and Madame Homer Samuels (Galli-Curci) [11] and her husband to the Gulf Stream Golf Club which we inspected and then around West Palm Beach and up to the inlet. Mme. Homer said, "Dr. Kingsley" (who has a big estate on the shore front next the Bath and Tennis Club) "sold that land for $80,000 to Mrs. Horace Dodge [12] who later sold it for about $1,500,000 to some speculators."

I told them that she had to take it back later under a forfeit and then sold it to the Bath and Tennis Club for $600,000.

Palm Beach, Fla., second trip, 1927.

I hear Paris Singer's loans have been extended by Rorick,[13] now the head of Spitzer & Company of Toledo. Singer and others put millions into the Blue Heron Inn north of Palm Beach that they are not yet able to open. The brother of Paris

[11] Coloratura soprano. Born, Milan, 1889.
[12] Widow of Horace E. Dodge of Dodge Bros., Detroit. Later Mrs. Hugh Dillman.
[13] Horton C. Rorick is senior partner of Spitzer, Rorick & Co.

Singer is Sir Mortimer Singer.[14] He does not approve of Paris or his investments, or his building of the Everglades Club with its $2,000,000 seven per cent bonds.

Broker Meserve told me that Addison Mizner[15] never renders accounts and that when he built Stotesbury's house they could never get an account from Mizner. The same was true of half a dozen other houses. Meserve says Stotesbury is worth $100,000,000 and is the richest man in Morgan's.

Miami, Fla., April 6, 1927.

Met by appointment John S. Phipps and also his manager, Mr. Layman.

"The Phipps Estate loaned $850,000 and now with interest hold a claim of $900,000 against Miami Shores, and have four for one in receivables as security. There is a prior lien against the land—a first mortgage of $500,000. This mortgage was more than $1,000,000 originally.

"Howard Phipps[16] is building that big house near the Gulf Stream Golf Club. The Phipps people have three Polo Fields down there and all those stables. Mrs. Bradley Martin[17] is a sister of Mr. Phipps."

Palm Beach, April 9, 1927. David T. Layman, Jr., said:

"John S. Phipps[18] and E. R. Bradley put up each $200,000 to help the depositors in the failed banks here at West Palm Beach and there were also ten subscribers for $10,000 each with one for $5,000 making $505,000.

"Kenan[19] is president of the Florida East Coast Railroad, and Haynes is treasurer of the railroad, and the two are the trustees of the Flagler estate. Kenan has no children, and a daughter of Kenan's sister will inherit everything of the Florida East Coast and the Flagler estate. This daughter is Mrs. Lewis. She has been twice married, and each husband was named Lewis.

"The outcome must be a syndicate to take over the F. E. C.

[14] Sewing machine manufacturer; died 1927, aged 64.

[15] Architect.

[16] Son of Henry Phipps, steel manufacturer of Pittsburg.

[17] Helen M. Phipps married Bradley Martin, Nov. 2, 1904.

[18] Director U. S. Steel Corporation. Born, Allegheny, Pa., 1874.

[19] W. R. Kenan, Jr., of New York City and Lockport, N. Y. President Florida East Coast Ry.

Railway sometime, and also all the Model Land Company which is in the Flagler boulevard and which owns hundreds of thousands of acres all over Florida.

"West,[20] of the Rhode Island Hospital Trust, got hooked in under that famous decision of Judge Anderson along with Forbes [21] and Wing [22] of the First National of Boston. Wing called him up and asked if he may make the Rhode Island Hospital Trust a depositary for the securities, and he of course said 'Yes,' and then he said, 'Let me put you on the Reorganization Committee so that it will make the thing all right.' He, of course, said 'Yes.' He never attended a meeting and never had anything to do with the concern; yet the decision holds him at the present time for full liability.

"The Carnegie-Phipps concern was originally Kloman, Phipps & Company. Andrew Carnegie was an employee of the Pennsylvania Railroad, and Kloman wanted to retire and the name was thus changed to Carnegie, Phipps & Company. There is in existence a letter of Carnegie's complaining to his friends that they got him into this steel business which was so unprofitable.

"Hutton [23] paid $3,000 a front foot for his property by the Bath and Tennis Club. The Mayor negotiated the sale and can tell you about it. The Huttons and Mrs. Dodge had some wordy controversy."

Palm Beach, April 11, 1927. Mr. Kroger said:

"The Huttons suspended building for four months as the neighboring property sold by Mrs. Dodge was unrestricted and the buyer had threatened to put up a filling station and everything objectionable.

"Mrs. Dodge finally arranged matters there by crediting $800,000 or $900,000 to the buyers and taking back the property where the Bath and Tennis Club is now. She turned this over for $600,000 to the Bath and Tennis Club people but they will never be able to pay her the $500,000 for the balance of the land."

[20] Thomas Henry West, Jr. Born, Mobile, Ala., 1875.

[21] Allan Forbes, president State Street Trust Co. Born, Boston, 1874.

[22] Daniel G. Wing. President First National Bank, Boston. Born, Davenport, Ia., 1868.

[23] E. F. Hutton, head E. F. Hutton & Co., Postum Co., etc.

Palm Beach, Fla., April 10, 1927.

With Dr. W. L. Kingsley [24] for an hour at noontime Sunday and gave him copper figures. He is interested in the Rome Copper and Brass Works which from $100,000 capital now has $6,000,000 of earned capital and surplus.

Palm Beach, Fla., April 10, 1927. John Shepard, Jr.,[25] said:

"I clear $500,000 a year in the Providence store, have no partners—only employees. I can make no money at the Boston Store because the rent is $400,000 a year."

The Gulf Stream Golf Club is in an incorporated village with not more than twenty-five inhabitants. The rich residents can control their local taxes which in Florida are the heaviest taxes.

Eighteen years ago a Florida man bought here three miles of ocean front for $10,000. He sold to Demarest and his associates five thousand feet for $1,100,000—or so it stands with the improvements.

Dr. Kingsley said: "Yes, it is true that C. W. Bingham only paid $4.65 a front foot for his property here. He came here thirty years ago and wanted to buy one hundred foot front and build a winter cottage for his boy who was not well. They would not sell him such a small piece and he had to buy 2,873 feet. For years the seller boasted that those devils might skin the public on oil in the North but he had put it all over one of them. He had made Bingham pay more than $4 a front foot for nearly 3,000 feet or $13,000 for that jungle land between the ocean and the lake."

From various persons interested I get these figures on this piece of ocean front property:

1896 C. W. Bingham bought part at $4.65 per front foot.
1915 He sold part of his at $27.50 per front foot.
1917 Paris Singer bought part of Bingham's at $90 per front foot.
1918 Dr. W. L. Kingsley bought Singer out at $160 per front foot.
1924 Mrs. Horace E. Dodge bought part at $888 per front foot.
1925 Mrs. Dodge sold to speculators at $3,300 per front foot.
1927 They failed and she resold at $1,400 per front foot.

[24] President Rome Brass & Copper Co., Rome, N. Y. 1908-19. Born, Rome, N. Y., 1866.

[25] Boston and Providence merchant, retired. Born, Boston, 1857.

March, 1928.

At Coral Gables Bowman [26] has acquired the Miami Biltmore, which now carries two issues of bonds, one first mortgage for $2,000,000 and a second mortgage for $1,500,000. The Coral Gables Company forfeited its $4,000,000 interest as well as the land to Bowman to be rid of carrying it. Bowman will now pay the deficit on operating and hopes to get a profit in a few years.

Palm Beach, March 9, 1928.

Arthur Lipper tells me that a few years ago figures were compiled showing that thirty-three houses carried seventy per cent of the brokers' loans. Since that time these houses have doubled their capital but have not doubled their liabilities beyond what they had in 1919.

Palm Beach, March 15, 1928.

Was given a dinner by Mr. and Mrs. John Shepard, Jr., at their home here, 127 Dunbar Road.

I was seated at Mrs. Shepard's right, and to my right was Mrs. Cora DeWitt,[27] a wealthy widow, said to be worth $75,000,000, derived from the sale of her husband's company to the "Canada Dry" concern.

Palm Beach, Fla., March 29, 1928.

Purchased four rugs at the Rug Store at the Breakers. A large Chinese rug for Jessie, or Martha,[28] a red rug for Jessie, a Kermanshah picture rug priced at $1,200, but of course discounted, and a Kashan picture rug priced at $1,100. Also a green church-hanging, a Renaissance, Italian gold and green silk embroidery of the seventeenth century, and a red seventeenth-century Italian red velvet piece—the "Holy Grail." The latter I presented to Mrs. Earle P. Charlton. It was priced at $1,600, but I paid cash $1,000 for it.

Miami, Fla., March 31, 1928.

At her Coral Gables home with Mrs. Dr. Ruth Bryan

[26] John McEntee Bowman, owner of many hotels. Born, Toronto, Ont., 1875.

[27] Mrs. DeWitt was the widow of Elden C. DeWitt, a director of Canada Dry, and president of E. C. DeWitt & Co., Inc., which owned a proprietary drug and medicine firm at 512 Fifth Avenue. Mr. DeWitt died in August, 1926, leaving an estate said to be worth $85,000,000.

[28] His granddaughters.

Owen,[29] Professor of Public Speaking at the University of Miami.

Mrs. Owen said she agreed with a woman who declared that the most important human quality was "an insatiable intellectual curiosity."

Inviting one to a second libation it was remarked, "No bird ever flew on one wing."

Palm Beach, April 1, 1928.

Spent the forenoon with Mr. and Mrs. John Shepard, Jr. Shepard saw the letter to Woolworth from the New York office showing that if Julius Rosenwald,[30] who fifteen years ago bought 2,000 shares of Woolworth at $50 a share, had followed his investment steadily through he would now have shares worth more than $3,300,000.

Dr. Billings [31] of Chicago called when I was there. He told Shepard some years ago that he had never seen a very rich man who died happy. He named five big men, including George M. Pullman,[32] whom he had attended to their death beds, and they had all been unhappy, notwithstanding their millions. There was always family trouble, or woman trouble, or some other trouble.

Up the Hudson, July 10, 1928.

Joseph P. Day [33] says he and Henry L. Doherty were in on Olympia Beach, Fla., for one and a half million, and lost all their investment.

Arthur Lehman says his concern (The Southern States Company) sold Barron Collier [34] 600,000 acres of land at $2 per acre. He also sold land in Florida for $6,000,000, getting $1,500,000 cash and now has all the land back. They had 25,000 acres that Collier did not take for $12 per acre, and the man who bought it sold it for $25 an acre, and it was later resold at $50 an acre, and some as high as $100 an acre. Now it is all back in their hands again and they have had to pay income

[29] Daughter of William Jennings Bryan, since elected to Congress.

[30] Merchant, philanthropist; chairman Sears, Roebuck & Co., Chicago. Born, Springfield, Ill., 1862.

[31] Frank Billings M.D., teacher and public health leader. Born, Highland, Wis., 1854.

[32] Inventor and manufacturer of sleeping cars (1831-1897). Founded Pullman, Ill.

[33] New York's most famous auctioneer, real estate. Born, New York, 1873.

[34] Advertising man and capitalist. Reputed to own most of Collier County, Florida. Born, Memphis, Tenn., 1873.

taxes only on the money received above the cost of the land, but of course will have to pay as money is realized hereafter.

The bankers say Barron Collier has been making $2,000,000 a year on his advertising business.

Chapter Twenty-one

FROM SUNSHINE TO SKYSCRAPER SHADOWS

The Florida motif runs through this chapter also, as C. W. B. lingers in its sunshine. On his return he spent less time than usual in New York, but more at Cohasset and elsewhere along the Massachusetts coast. Gradually his responsibilities had been shifted to younger shoulders; he was discovering, with those misgivings which come to extremely active men as they grow old, that the boys could carry on without him. Actually the Barron papers appeared on time whether he came or went. Under such circumstances it is but natural that the notes for his autobiography increased in volume. Those for 1927 are the bulkiest in the entire collection.

Washington, D. C., January 3, 1927.

Dr. David Jayne Hill [1] gave me a dinner at his home. Present were Charles J. Bell,[2] President American Security and Trust Company, Mr. Glover,[3] head of the Riggs bank, and an important man in the War College, all three elderly but highly interesting.

I was surprised to find that they were practically unanimous in their regard for Taft and in denunciation of Roosevelt who had killed Taft politically, because he would not be dictated to and turn back the Presidency to Roosevelt.

Glover told me that the Riggs Bank had about $1,000,000 deposits when he came there as a boy. In a few years he built up the bank to over $40,000,000 in deposits. He had about every judge and senator and cabinet officer as depositors, and he met them in his private office. Being independent he was

[1] Diplomat, historian. Represented U. S. in Switzerland, the Netherlands, Germany, 1903-11. Born, Plainfield, N. J., 1850.

[2] President American Security & Trust Co. since 1893; organized Bell & Co., Washington, 1881. Born, Dublin, Ireland, 1858.

[3] Charles Carroll Glover; with Riggs Nat'l. Bank since age of 19. Born, Macon, N. C., 1846.

able to influence legislation, notably for the Potomac Park and the location of the Lincoln Monument.

He said to me: "When Senator Clark of Montana was elected, but not yet seated, he came to the Riggs Bank to cash a check for $60,000. I was out, and my clerk did not know him, offered to collect, but refused the cash, and told me about it when I returned. I said, 'Don't you know who that man is?' and he did not. I immediately called Senator Clark on the telephone and told him he could have $60,000 or $600,000 or $6,000,000, and would he bring his check over. He did, and we became firm friends.

"I was talking with Senator Clark one day about an exhibition at the Art Gallery and said it could not be held because it required $5,000 for prizes. He offered to put up the $5,000. I asked if he thought he could afford it, and he told me that he thought he could because his mine in the Southwest had returned him $4,000,000 the past year and he could just as well have taken $14,000,000. He had also cashed up his half for building the San Pedro, Los Angeles & Salt Lake in which he had put $35,000,000.

"After he had given $5,000 a year for five years I wrote him a note suggesting that it ought to be continued and would he put $100,000 into his will. He then told me how poor he was, and I laughed at him concerning his railroad and mine. Sometime later my clerk notified me that $100,000 had come from Clark to be invested for this purpose."

Palm Beach, Fla., February 24, 1927.

Later at the Bath and Tennis Club Saturday night J. S. Bache told me: "I own 400,000 shares of Chrysler, and ten per cent as much, or 40,000 shares, of preferred.

"I shall never forget what J. P. Morgan once told me. He always called me 'boy' and I very much loved the old man. He met me many years ago at the hotel (I think it was the old Windsor) and asked me what I was doing. I said I was dining alone that night. He said, 'You are not; you are dining with me.' During that meal he said to me many things and one I have never forgotten. 'Never sell a first-class American stock. Buy them and keep them.' If I had followed this advice I would have been worth many millions more, but I have never forgotten it."

Palm Beach, Fla., February 26, 1927.

Frank V. Storrs told me that Loew's is cheaper than Famous Players. It has 1,060,000 shares and will earn $12 a share. Storrs says he has himself thirty theaters but the great moving-picture business of the world is run by Famous Players and Loew's. He says "The Big Parade" will earn $8,000,000, "Flesh and the Devil" $5,000,000, and "The Merry Widow" $4,000,000, and other plays $4,000,000.

Miami, Fla., March 18, 1927.

Met Coleman du Pont at the Everglades Hotel at 11:20 A.M. He came from the sidewalk to greet me in the motor although he was only here for a few minutes to get his mail. He left his yacht and was immediately going north.

He was responsible for locating the Institute of Technology in Cambridge. He recommended Cambridge but the committee would not agree. He immediately bought the land and two years later the committee agreed on Cambridge and voted to buy the land, and although it was valued $300,000 more he immediately presented them with the deed as they did not know who owned the land or anything about it.

His arrangement with the Equitable was that they would loan him $21,000,000 and then one half of the $11,000,000 needed to finish the building. He got a reduced price on his contract and did not have to put up as much as $1,000,000, and he made $10,000,000 out of it. Morrow, later of J. P. Morgan & Company, was his lawyer.

Palm Beach, Fla., March 20, 1927. Luncheon with W. B. Thompson. He said:

"Lamont [4] and Morrow are the two strong men of Morgan's. Next to Lord Reading, I found Lamont stronger in London than any man in the government. It was he who got Lloyd George to send a warship to take me from Scandinavia when I had missed my connections in leaving Russia.

"Lamont got that $5,000,000 from Baker for the Harvard School of Business Administration. Lamont was first in the Bankers Trust Company. President Converse asked him to look me up and report upon me as the man to handle on the

[4] In this connection it is interesting to note that during the stock market crash of November, 1929, the Street and the bankers looked to Mr. Lamont as the leader of their stabilizing efforts.

Curb the Nipissing proposition. Lamont replied that he knew all about me.

"I was then pretty well in command of the Curb dealing in copper stocks. Converse [5] put this Nipissing in my charge; I made $6,500,000 in seven days. Directly afterward Lamont went to the First National Bank. If he had not thence gone to a partnership in Morgan's I believe he and I would have made a partnership as I then had money."

Miami Beach, Fla., March 23, 1927.

Took Madame Galli-Curci and her husband, Homer Samuels, from the Flamingo to the Miami Biltmore. They both drank only milk flavored with a few spoonfuls of coffee—just as Lady Swaythling had taught me. Madame said, as she put her hands on her forehead and her stomach, "I must have confidence and know that these two points are right, and then the sound must be carried with unison from these two points."

When I asked Madame how it was that she looked to me younger and so much more girlish now than when I met her at her summer home two years ago, she promptly answered, "Reading Swedenborg." [6]

She said: "I am younger and fresher and stronger. Swedenborg has remade my life. I have now no fear and no nervousness. I know everything is all right. I am in peace and happiness and have nothing to worry about."

Homer Samuels said that Boston was the best musical center in the United States and Philadelphia the poorest. He said the number of people who could give a paying concert in New York could be counted on one hand, but people gave concerts in New York to make a record there.

Galli-Curci said that Schwarz,[7] the baritone who married Mrs. Sielcken, was a great artist but not dependable. When singing in "Romeo and Juliet" with her he declined to sing the fourth or last act, saying his voice was not in good condition. Fortunately there was a man in the audience who could take that part for the fourth act.

[5] Edmund C. Converse, president Bankers Trust Co., N. Y. Born, Boston, 1849.

[6] Emanuel Swedenborg (1688-1782); religious leader; founder of "The New Church of Jerusalem." Author of *Principia,* etc.

[7] Schwarz, the Russian baritone some time with the Chicago Opera Co., married Mrs. Sielcken, the widow of the coffee king, on Feb. 10, 1922. Since deceased.

Palm Beach, Fla., March 28, 1927. J. L. Replogle says:

"Mellon told me at Vichy, France, 'Coolidge is not only going to make a good President, but he is going to make a great President.' He said there was no comparison between Coolidge and Harding.

"I am very much disturbed for fear the Republicans will be overconfident and underestimate the strength in the North of Al Smith as a candidate for President."

Palm Beach, Fla., March 29,1927.

Took lunch with Colonel William Boyce Thompson, who says he has had two men in Africa. Africa cannot produce copper at under twelve cents per pound. The three big copper producers of the world are Utah, Chile, and Braden; and Kennecott has two of them. He says Fred Ecker,[8] Vice-President and treasurer, is the big man of the Metropolitan Life, and not Haley Fiske.[9] He was offered $200,000 per annum to join the Chase Bank. Ecker has to invest $1,000,000 a day every day for the Metropolitan Life.

We figure that this is one tenth of the daily money that must be reinvested in this country of which there must be about $3,000,000,000 a year go into listed stocks and bonds. $10,000,000 must be invested and reinvested in this country every day.

Parsons,[10] President of F. W. Woolworth Company, said: "The three Woolworth stores on Fifth and Sixth Avenues are in sharp rivalry, each doing $1,400,000 gross per annum." Parsons was formerly with Block, Maloney & Company, a wonderful combination of Jew and Irish doing brokerage business on the New York Stock Exchange. Fifteen years ago he left them, married Woolworth's daughter, and opened the Maiden Lane store.

Woolworth is going into Germany with twenty and forty pfennig stores.

Palm Beach, Fla., April 6, 1927.

Interview with John Harris, of Harris, Winthrop & Company.

[8] Frederick H. Ecker, with Metropolitan Life Insurance Co. since 1883; vice-president Chamber of Commerce of State of N. Y. Now president Metropolitan Life, succeeding the late Haley Fiske. Born, 1867, at Phoenicia, N. Y.

[9] Late president Metropolitan Life Insurance Co. (1852-1929).

[10] Herbert T. Parsons, gen. mgr. and pres. F. W. Woolworth Co. since 1919. Born, Toronto, Ont., 1872.

"I think, Barron, you are right about agitating for a Federal law that nobody should use the word 'bank' except under Federal supervision.

"I knew President Charles Perkins [11] of the C. B. & Q. very well. When he was out West I could not induce him to exercise. He said he would get warm and uncomfortable. When I came East with him some time later he seemed to be conscious of the approaching end. He said to me, 'My race is run.'

"Perkins told me that other railroads expected to get the business of the C. B. & Q. from the engineer's strike tying up that road. He said the only letter written to him after that strike was by Vanderbilt of the New York Central who said he thought the New York Central and every road ought to contribute to Burlington a part of the cost of that strike, for the Burlington was defending them all. He, Vanderbilt, would recommend that the directors pay a part of the Burlington loss.

"Perkins was that honorable that when he found a bank in Nebraska to whom he had lent his name as a director, had failed, he sold his Calumet and Hecla and other stocks and saw to it that all the depositors of that bank were paid in full. This meant a loss to him of nearly $700,000."

Palm Beach, Fla., April 9, 1927.

Called on Kroger,[12] the grocery man, of Cincinnati. He gave us his life's history from farmer boy to a majority ownership in 3,400 grocery stores in the Middle West, starting with Cincinnati and reaching north to Cleveland, Sandusky, Toledo, and northern Michigan, east almost to Pittsburgh and west almost to Kansas City. The reason he had not extended further is the same reason that J. C. Penney [13] told me he had not extended his stores—lack of trained men to expand the organization.

Palm Beach, Fla., April 10, 1927. Earle P. Charlton said:

"Barron, have you any Woolworth stock? I am astonished that you have not. We three, C. S. Woolworth,[14] vice-president

[11] Charles Elliott Perkins, Sr., of Burlington, Iowa (1840-1907). Went with C. B. & Q. as a clerk in 1859 and became its president, 1881-1901. His son, of the same name, has been president since 1918.

[12] Bernard H. Kroger, president of company operating 3,800 grocery stores. Born, Cincinnati, 1860.

[13] Founder 1902 J. C. Penney Co., operating 475 stores. Born, Hamilton, Mo., 1875.

[14] Chairman F. W. Woolworth Co. Born, Rodman, N. Y., 1856.

F. M. Kirby,[15] and myself are the only living original founders."

Washington, D. C., April 14, 1927.

Lunched with Mr. and Mrs. Coolidge at their temporary home in Washington while the White House is under repair.

I spoke of Sir George Paish as coming to my house for Easter Sunday and said I thought I would give him a little instruction concerning some things, and the President said, "So do." The President asked me if I had seen Paish's new book. I told him I had not, but would expect a copy Sunday.

I showed Mrs. Coolidge a fine letter with tribute to Mr. Coolidge that I had received that morning from Senator Butler. I said I could not show it to him as it was confidential, but I would show her how devoted Senator Butler was to Mr. Coolidge.

With Donald C. Conn, 927 Transportation Building. He said:

"The advance in grapes when the Volstead Act came in caused a tremendous amount of planting.

"I have a great plan on hand. Five of the biggest people in California have offered me more than twice my salary here to take charge of a growers' service organization in California where there are 562 shippers and 25,000 growers.

"The Capper-Volstead Bill permits the grower to sit in with the shippers' organization, and this legalizes the control of prices, destination, and combination.

"The only thing that troubles me about going to California is some darn fool at Washington in the future taking the heart out of my proposed five-year contract by knocking California flat on the vineyard business.

"In this California grape business I have to deal with not only 562 distributors and 25,000 producers, but also with thirty-seven language groups, including Japanese, Italians, and Armenians."

New York, June 9, 1927.

At J. P. Morgan & Company office at 2:20 P.M. Dwight Morrow tells me:

[15] Vice-president F. W. Woolworth Co., chairman Miners Bank of Wilkes-Barre, Pa. Born, Brownville, N. Y., 1861.

"I think you have the right position in respect to Coolidge; that he will not decide about another Washington term until the issue comes up to him and then it will depend somewhat upon his own health and especially the demand of the country and as to who is in sight to succeed him properly. A cabinet position after a Presidential term carries too much influence."

Boris Said says: "W. Averill Harriman is in negotiation on this pipe-line business. He is working from 9 A.M. to 7 P.M. and will make good. His office is at 26 Broadway temporarily while he is building his own building at 49 Broadway. He made $9,000,000 on one deal in Germany with Anaconda. He made $5,000,000 in Russia instead of losing $5,000,000. He is all right on his manganese contracts now, but he didn't understand the business at first. He is learning and developing rapidly.

"Two months ago he sold out all his shipping interests and got out without loss. He sold to the Germans and took shares and sold out on the late market advance in Germany.

"The richest man in London is Solly Joel,[16] who now controls Barnato Brothers, the old firm of Barney Barnato.[17] Solly Joel is worth £50,000,000.

"Deterding had a contract years ago for four hundred pounds a year. He replaced it with a contract for three hundred pounds and ten per cent of the profits. This was his contract with Samuels, and when they organized the Royal Dutch and Shell they had to give him ten per cent, and he is now worth £25,000,000.

"I was told not to see Bob Stewart. They said he was the smartest man in the business, and as I represented the Anglo-American also they told me not to see him.

"Teagle is very obstinate and has his own way since A. C. Bedford is dead. Perhaps Teagle is responsible, but Bedford's son [18] is up and rides horseback at six o'clock every morning and may yet be heard from."

[16] Prominent turfman in England. Solomon Barnato Joel, director De Beers Consolidated Mines, etc.

[17] Pioneer in South African diamond field. Merged with Rhodes, 1888. Born, 1852? suicided, 1897.

[18] Probably Alfred Clarke Bedford, vice-president and director of Standard Oil of Louisiana. Another son is Dean Bedford, with Spencer, Trask & Co., New York City.

Beverly Farms, Mass., July 25, 1927. Lunching with Mr. and Mrs. F. H. Prince, Mme. Olivia, Guy Currier,[19] and Colonel George Harvey.[20] F. H. Prince said:

"Mrs. Prince built this house without an architect. We showed a neighbor farmer over it once and he declared it was a pretty big house for a little woman to build."

Harvey said: "John D. Rockefeller is working on an eight hundred page biography and has been for many years, with a writer to assist him. He is putting everything into it of his life's history and thought, but cannot make up his mind about publishing it. He has been compiling the data since 1915. His great motto is 'Don't hurry; don't worry.'

"Rockefeller is eighty-eight years of age and is in better health than ten years ago and will live to be nearly one hundred.

"The French will never pay the United States a dollar."

He was asked, "How about the reception to Lindbergh?"

Colonel Harvey, "The French think that paid the debt.

"There is not one chance in ten that Governor Fuller will back up the judge and jury and send Sacco and Vanzetti to execution.[21] I will bet you a year's subscription to the *Boston News Bureau* and *Wall Street Journal* that they are not executed.

"When I started my paper and said some things Wilson did not like, the Attorney-General thought it would be a good thing to put me in jail, and the Cabinet O.K'd it, but Wilson had sense enough to say 'No.'

"When the matter was pending I met Justice White[22] and he told me that he understood that I was to be thus dealt with. He said, 'If they try it just send your lawyer to me.' "

Gloucester, Mass., September 9, 1927.

Had more than an hour interview with John Hays Hammond in his library at Gloucester, between 3 and 5 P.M. today. He showed me a long letter from Chief Justice Taft, who weakened his heart by exercise and starvation to bring him down one hundred pounds from three hundred and forty too quickly.

[19] Mr. Currier was described to C. W. B. "as the shrewdest lobbyist on Beacon Hill" by no less a person than C. S. Mellen, May 27, 1913.

[20] George Brinton McClellan Harvey, 1864-1928, diplomat. Ambassador to Great Britain, 1921-23. Born, Peacham, Vt.

[21] Colonel Harvey lost his bet. Sacco and Vanzetti were executed Aug. 23, 1927.

[22] Edward D. White, chief justice U. S. Supreme Court, 1910-1921. Born, Louisiana, 1845; died, 1921.

Hammond has declared many times that Cambridge and Oxford were killing England. Rhodes [23] used to receive men from Cambridge and Oxford out in South Africa. Hammond would send them to the mines to come back and tell him what job they could take. They always told him they did not see any job they could take, but they would be willing to do anything, which meant that if he put them at work in the mines they would simply ruin his forces.

"I would send them up to Kimberley, 1,000 miles, then 1,200 miles further to get them a job. Then I concluded that was unjust to them, so I said to Rhodes, 'You build tennis courts and golf links, and put your university graduates at work on these." Rhodes finally did it. He found it was cheaper to put $20,000 a year into such work than to have them damage our organization at a cost of $500,000.

"I graduated from Yale and went through the scientific school, but I suppose I developed slowly."

Battle Creek, Mich., September, 1927.

A gentleman of finance was descending the steps of the House of Morgan. A friend inquired: "Why, what is the matter with you? You look so depressed."

"I have just been subjected to the unconscious arrogance of conscious power."

Yonkers, October, 1927. William Boyce Thompson said:

"Morrow is really out of Morgan's. He has money enough and always wanted politics."

New York, October 4, 1927.

H. Gordon Selfridge called and spent two hours with me. He had just arrived from London, is uncomfortable in his English woolen underwear on these hot days in New York, and is sailing next Wednesday.

He says: "R. H. Macey & Company in the next three years will pass Marshall Field in gross business. It is the great coming concern.

"I came over with Tata [24] of Bombay, who is the great man in India developing water power and mills. Otto Kahn's

[23] Cecil Rhodes (1853-1902), British empire builder in South Africa.

[24] Sir Doraibi Jamshetgi Tata, senior member Tata Sons, Ltd. Educated Caius College, Cambridge. Born, 1859.

brother-in-law also came over. He is the head of the German General Electric.

"I think Cowdray [25] was one of the richest men in England and he must have divided a large part of his property before the end came.

"I lost about £100,000 through that broker who committed suicide. He had appealed to me for help and I loaned him £100,000.

"Baldwin does not take hold very strongly, is regarded as a fine English country gentleman, interested in raising pigs. His friend, Horne, is getting rather stuck on himself."

Boston, Mass., October 11, 1927.

Closing interview with Dr. Porter and Dr. T. J. Eastman.

Dr. Porter said: "We both agree the diagnosis of your case is infection of the gall bladder.

"Gall bladder trouble goes with the obese rather than with the thin. Don't let a doctor cut into you to hunt for anything; take a dose of morphine and rest."

October 15, 1927.

At Morgan Butler's [26] dinner party—fourteen present.

Senator Butler told me: "Dwight Morrow may possibly be worth $5,000,000. Mrs. Morrow thinks it is wrong to make money, and has been urging her husband for five years to retire from money making.

"Coolidge was recently wrestling with his Pittsburgh speech, and had about four pages written when he said to me, 'I wish somebody would kick me twice if I ever agree to make another speech.' "

New York, November 16, 1927.

Had luncheon at 1:30 P.M. with F. H. Prince, Guy Currier, and George Harvey at Ritz-Carlton Towers, and left Prince and Harvey at 6 o'clock at Mr. Harvey's house.

Harvey says: "John D. is a most remarkable man, and has the most marvelous brain I have ever known. He works on schedule time. At eighty-seven years of age, devotes so many

[25] Died May 1, 1927, at the age of 70.

[26] Director First National Bank, New Bedford Cotton Mills, and other Boston and New England companies. Son of Senator William M. Butler, and former president of National Cotton Manufacturers.

minutes a day to this, and so many minutes to that. Devotes eight hours a day to considering reports of various interests which come up to him, after having been threshed out by his corps of investigators and reporters.

"He does not read the daily papers, but has special reports made to him of the news and of everything of interest. He is still the supreme dictator in the financial world with his massive wealth.

"He and Morgan never agreed and never could do business together. The story of the purchase by Morgan of the Rockefeller ore lands in forming the United States Steel Corporation will be told in my forthcoming book, if Rockefeller approves of the story, copy of which I have with me.

"Morgan asked Rockefeller to come in to see him, when he was organizing the Steel Corporation. Mr. Rockefeller replied that he did not come downtown and was out of business. Morgan asked him if he might see him, and Rockefeller replied he would see him at his house on purely social and personal matters. Morgan called and opened up on the Steel Corporation, and Rockefeller quietly replied: 'Mr. Morgan, you must have misinterpreted my invitation for you to call. If Mr. Morgan desires to do business he will go to see J. D., Jr.'

"Mr. Morgan, thus kicked out, sent for John D., Jr.,[27] who called on Mr. Morgan, and declined to name any price for the Rockefeller ore properties. Everything was held up in the Steel Corporation organization, and so Morgan appealed to Frick, who had met Rockefeller. Frick made an appointment at Pocantico Hills, left his carriage outside, and walked in and met Mr. Rockefeller on his grounds, who said, 'Mr. Frick, I object to anybody naming a price for any other man's properties.

" 'I would like to know of you, Mr. Frick, if you do not consider the price that I have heard named for my ore properties as below their value.' Mr. Frick said: 'I do consider that price below their value.' 'Then,' said Mr. Rockefeller, 'I will trust you to represent me. I do not wish to stand in the way of any improvements or progress, but I will turn my properties over to you. Represent me and you can dispose of them as you wish.'

"Frick demurred at this trust by Mr. Rockefeller, but Mr.

[27] John D. Rockefeller, Jr., Chairman Rockefeller Foundation. Born, Cleveland, Ohio, 1874.

Rockefeller said he would trust Mr. Frick implicitly. Thereupon Mr. Frick returned and sold the properties, and the difference was not much more than $5,000,000."

Harvey said: "I was with John D. once when he mumbled that he did not like the proposed St. Paul reorganization. It did injustice, he thought, to securities held by his friends, as well as by himself, and he turned to his lawyer, who was the best man to represent that situation, and Root was selected, and when it was incidentally dropped that Mr. Rockefeller was behind the protest, the reorganization plan was instantly changed and Mr. Rockefeller and his friends got what they desired.

"Mr. Rockefeller is the absolute master, but he and Morgan could never agree, and there is still no love lost between the two houses, or families, although the Morgans have floated the Standard Oil seven per cent preferred shares.

"I once asked John D. if he could put, in a few words, to what he attributed the success of the Standard Oil. He was silent for five minutes, and then said, 'We never deceived ourselves.'

"Mr. Rockefeller has seen Ford only once when Ford called upon him in Florida. Rockefeller said: 'Mr. Ford, I might say I have been anxious to see you, but I am never anxious. I have long wanted to meet you—the greatest financier the world has ever produced.'

"Wasn't that delicious! When somebody asked Ford how he figured the cost in his factory, what he allowed for interest, etc., Ford said: 'What's the use in figuring interest on money you have spent? I go through my factories and when I find a man who is not doing the right thing I take him out and send him over to another department and put another man in his place.' "

Harvey said: "The American public likes Henry Ford. He is an individual hero and the American public demands either a hero or a victim, but they prefer a victim.

"I think Coolidge has unnecessarily put himself in a hole. If he had said, 'I do not want to run,' the people would have understood it; but 'choose' is a word the people do not understand outside of New England.

"Now, if Coolidge should be drafted, as I think he must be, and accepts the nomination, will not the people think he has

tricked them, played politics, and used a doubtful word so that he could be drafted into nomination and put into an office which he really wanted?

"There is no question but that he could have been nominated and elected. When I was a guest with him in Washington just before he left for the West he was pretty well tired out, overworked, and told me he was thinking the matter over and would probably decide in the West as to whether he would run again or not. I think he took at least three days, and the final word he selected was the word 'choose.' That is my judgment, although I do not know. Of course, he conferred with nobody, not even Mrs. Coolidge. Some people, in Butler's position as Chairman of the National Committee, would have resigned on the spot.

"The Republican party is now without a leader, or an issue, and yet he is the head of the Republican party, and its leader, and there is no candidate in sight.

"The politicians do not like him personally, but he is a strong party man and since 1899 has held public office, and is always with the organization. The politicians know they can win with him and they, of course, are for him.

"I think the reports about Hoover being ineligible are circulated by the men who want Coolidge.

"It is true that the people in Wall Street who backed Coolidge so handsomely have disturbed him a good deal. They have demanded a lower tariff and Coolidge is firm for a high tariff. But these same people want Al Smith [28] as Governor of New York, and they do not want him in the White House, because it is unsafe to put the Democratic party in power nationally.

"The result cannot be otherwise than the drafting of Coolidge. He told me in Washington that he was satisfied he could be nominated and elected. I think he still does not know his mind. Some days I think he wants to be President and other days I think he is tired of the whole business and wants to quit.

"Coolidge has a most tremendous admiration and respect for you. He even quoted you against me on the English situation and in terms very flattering to you."

[28] Alfred Emanuel Smith, Gov. N. Y., 1920-21, 1923-28; Democratic candidate for the Presidency, 1928.

New York, December 29, 1927.

Dr. George Draper prescribed for the breaking out on my leg below the knee a solution of aluminum acetate, and declared my leg will heal in three days.

Chapter Twenty-two

CHICAGO BROADCASTS

C. W. B. loved Battle Creek, but not too much of it at a time. Chicago, within easy distance of the Sanitarium, frequently lured him away. There he met men of affairs, talked cosily with Architect Graham, and perhaps broke the rigid training which Dr. Kellogg enforced at the Sanitarium, which is one of these meatless, tobaccoless, alcoholless, bridgeless places where all hands concentrate on health.

Chicago, Ill., Dec. 10, 1921.

Breakfasted with Ernest R. Graham at the Chicago Club. Then called upon Banker Forgan, chairman of the Board of the First National Bank and met Frank Wetmore, president, also Traylor, president of the First Trust and Savings.

Forgan says Sears, Roebuck and Montgomery Ward are making no money. They are sending out just as many packages as ever, but the farmers' orders are now for $5 instead of $25, or $10 in place of $50.

I called on Reynolds with Graham. Reynolds is president of the Continental National which has 230,000 customers. Reynolds has a bomb-proof room to keep out the noise and both Reynolds and Forgan have rooms with the air changed every three minutes. Graham says this could not be afforded in an ordinary establishment, but must be given to the chiefs to preserve their health and to clear their heads.

With John J. Mitchell[1] and Ernest R. Graham at the Illinois Merchants Bank.

Mitchell is seventy-two years old, retires between 9:30 and 10 P.M., rises at 6:40, breakfasts at 7:10, and drives a horse to the railroad station.

We three visited the big banking rooms and its panels for

[1] (1853-1927.) President of Illinois Merchants Bank for whose new building C. W. B. prepared inscriptions. Killed in automobile accident.

my inscription; then had luncheon at Graham's office at 1 P.M. I was on Graham's right with Mitchell on my right. John G. Shedd [2] was on Graham's left and there were also President Carey of the Pullman Company, R. W. Stewart, President of the Standard Oil of Indiana, George M. Reynolds, President of the Continental Bank, James Simpson of Marshall Field & Company, and President Markham of the Illinois Central.

I had to do most of the talking in answer to questions about money, Mexico, and what the Kellogg [3] note meant. All appeared mystified over the cause of the note and the basis for trouble with Mexico. President Stewart said that he saw no evidence of any trouble in Mexico. He first met Calles in Paris between the date of his election and his inauguration, and he had recently met him in Mexico City.

Stewart said: "Calles was advised to withhold payments returning $7,000,000 due Doheny and the Mexican Petroleum Company, but he said no, everything was being paid.

"First thing Calles did, and it was a brave thing to do, was to discharge twenty-seven generals in the City of Mexico who had no real occupation.

"One day an official brought him a check for 25,000 pesos. He inquired what it was. The official said, 'It is your salary as president of the Mexican railways.' Calles said, 'How many people are being similarly paid?' The list was produced. He demanded that they all be taken off the payroll and that his 25,000 pesos be returned to the treasury."

Stewart asked me to come and see him and he would tell me all about the Pan-American trade, but I told him I doubted if I could get around, as I had only been allowed to walk the past five days after three months of illness and convalescence.

Graham, Mitchell, Shedd, and myself then passed upon and arranged the eight economic tables which would finish the Merchants Bank Building.

Chicago, Ill., June 26, 1926. Ernest R. Graham said:

"When the Van Sweringens went to George F. Baker, he asked them two questions: 'Do you work, and do you sleep

[2] Chairman Marshall Field & Co. With Field since 1872. Born, Alstead, N. H., 1850.

[3] Frank B. Kellogg. U. S. Senator from Minnesota, 1917-23; U. S. Ambassador to Great Britain, 1924; Secretary of State 1925-29; author of Kellogg Pact to outlaw war. Born, Potsdam, N. Y., 1856.

well?' They are clean boys—they said they slept like tops and never worried. Baker said, 'All right, I am with you.' "

Chicago, Ill., June 26, 1926.

Notes of conversation with Ernest R. Graham.

"I did business for both Carnegie and Frick, and there was no comparison between the two men. Carnegie was a lovely fellow, and I have spent many an evening with him and his Scotch associates.

"I own one fourth of the Railway Exchange Building and it is earning twenty per cent. We have been offered $300 a share for control. I bought some stock recently at $250. The Atchison Railroad, one other, and myself control a majority.

"Wrigley[4] makes $12,000,000 a year. (Through a friend of mine, he invests $1,000,000 a month.) When he came to me to build the tower on the lake front I said, 'Do you expect to make it a paying investment?' He said, 'Not at all—it is for advertising purposes.' I built the tower and it pays nine per cent on the cost, besides the advertising."

Chicago, June 26, 1926.

James Simpson[5] told me Sunday that the gross business of Marshall, Field & Company was $200,000,000 a year. Retail business was approaching $80,000,000 per annum. Simpson says J. J. Storrow was right that no more mills should be built in New England, that the future to New England is a residence, summer resort, and educational center.

Graham told me that he does not think his new art institute can be located in Chicago. It must be where the artists and instructions in art and architecture can be had, as in the East.

Chicago, June 28, 1926.

Lunched at Ernest R. Graham's office. On my right was Samuel Insull and beside him was Stevens of the Illinois Merchants Bank, taking the place of John J. Mitchell, who was operated upon suddenly last night for indigestion, and had his gall bladder removed. Next was Arthur Reynolds, president of the Continental and Commercial Bank. Mr. James Simpson

[4] William Wrigley, Jr., president Wm. Wrigley, Jr. Co., mfrs. chewing gum. Born, Philadelphia, 1861.

[5] President Marshall Field & Co. since 1923. Director Federal Reserve Bank of Chicago. Born, Glasgow, 1874.

of Marshall, Field & Company was at the foot of the table, and next was Mr. Melvin A. Traylor, president First National, and Edward Carey of the Pullman Company, Max Mason, president University of Chicago, and Stanley Field, president of the Field Museum of Natural History.

Insull raises about $200,000,000 new money a year for the companies with which he is associated. His Chicago gas companies require about $5,000,000 a year. There is very little Peoples Gas stock or Chicago Gas now sold in Chicago because he bought up 50,000 shares of cheap stock and sold it to his employees and customers. He believes that Chicago and the West should supply the money for Chicago and western development instead of going to New York. His Middle West Utilities operates in twenty-two states and earns $85,000,000 gross this year. Pays six per cent on $50,000,000 common, and is earning fifteen per cent on the common.

Saw the plan for his new station on the Indiana border that will eventually represent 1,000,000 or 1,500,000 kilowatts and $100,000,000 investment. Starts now with 250,000 kilowatts but will grow to 1,000,000 kilowatts in ten years.

Graham says: "Insull makes power at the power house at one-quarter cent a kilowatt. In Pennsylvania and New York, the New York Central make it at one cent per kilowatt.

"Insull can send his power to Stone & Webster's Keokuk Dam on the Mississippi at a profit, and at a price lower than they can produce it at the dam. The price here to Marshall Field and all big users is one and one-half cents per kilowatt, but that means good money."

Chicago, June 29, 1926.

Philip Reid,[6] treasurer of Armour & Company, called on me at the Blackstone.

Armour figures that he has lost $150,000,000 but he is coming out with many millions. He has been cleaned out of his stocks, although the bankers still have an option on his common stock, but the Universal Oil Company of which he owns fifty per cent has the Adams cracking process which is basal. Burton has been discontinued. Standard Oil of California uses the Universal and the government has evidently championed

[6] See Chapter XXIII for story of his rise.

the Universal in bringing suit against the Texas on the process which it uses and licenses.

"We did not lose $20,000,000 in South America, and the Swift International did not lose $5,000,000, but business was bad and our whole net fell from $18,000,000 after charges to $14,000,000.

"South America represents about one tenth of our business. I shall never forget what you said to me years ago that the margin of profit was too small for the risk in the packing business. We have found that out and our goal is to strive for five per cent on the gross business. Conferences are going on all the time and packers are now working together more harmoniously.

"We are going to make money this year, but will not pay any dividends on the Class A stock. We are going to reduce our debt."

Chicago, Ill., June 30, 1926. Ernest R. Graham said:

"About four years ago I was in the hospital having my gall bladder out. At the end of eleven days I asked the doctor if he would let me amuse myself with a pad and pencil. He said it would do me good. Lying there and looking up at the ceiling I sketched buildings for the Illinois Merchants Trust and the Federal Reserve banks across the way. I sent these sketches to my office and they put them into detailed plans. In a few days the nurse took me from the hospital to my office and I met Mr. Mitchell and his associates, and they approved the drawings, and in a year we built the Illinois Merchants Bank.

"When I built the Field Museum there were a dozen applicants for the external decorations. But Mr. Field asked who I wanted and I named young Hering [7] who for ten years had practically lived with Gus St. Gaudens.[8] If he can be an associate of St. Gaudens for that time I knew he would give me the right atmosphere.

"People wanted the work divided. I said, 'No, I want it continuous and harmonious around the building!' I hunted him up and asked him if he would do it. He said, 'I would die

[7] Henry Hering; did Civil War Memorial, Yale; pupil of St. Gaudens, 1900-7. Born, New York City, 1874.

[8] Augustus C. St. Gaudens, sculptor. Born, Dublin, 1848; died, 1907, at Cornish, N. H.

for it.' These are his sketches for decorations on the Pennsylvania Railway Station."

Chicago, Ill., November 19, 1926.

With Ernest R. Graham and John J. Mitchell at Illinois Merchants Bank for an hour and a half this noon. Mitchell was seventy-three his last birthday. His bank had at one time $52,000,000 loans in London, now $27,000,000. Yesterday loaned $5,000,000 at five and one-eighth per cent for four and six months.

Can get better money rates in London than in New York. Germany piling up money, and borrows for less. Reichsbank has $3,000,000 on deposit with him and draws but few checks. Germany borrowing about $8,000,000 here. Chicago, as a financial center, deals directly with London and Berlin.

New York banks are fully loaned up to their customers, and $1,600,000,000 of brokers' loans in Wall Street are now from out-of-town banks.

Thompson,[9] the restaurant man, contemplated buying the Chicago *Daily News* and showed $10,000,000 in listed bonds and $15,000,000 in stocks, a personal fortune of $25,000,000, which astonished Mitchell. Twenty-five people bid for the *News*. The first bid was a million. Frank A. Munsey,[10] the week he was taken sick, bid $10,000,000 for the good will. It was sold to the people connected with the paper for $18,000,000 cash, of which $10,000,000 represented good will. There were $2,000,000 bonds and some millions cash which were paid Mitchell. There were several people willing to make the purchase, Insull among others, and the common stock is now paying ten per cent and earning a good deal more. Lasker,[11] the advertising man, put up some money.

Brisbane was also a bidder for the Chicago *Daily News*, and showed himself worth $25,000,000.

Mitchell tells me that $7,000,000 were spent by Victor Lawson[12] to get suburban circulation, but the *Daily News* could not get it.

[9] John R. Thompson (1865-1927). Proprietor chain of restaurants. Born, Vermillion Co., Ill.

[10] Frank Andrew Munsey (1854-1925). Magazine and newspaper publisher. Chain store proprietor. Born, Mercer, Me.

[11] Albert D. Lasker, chairman Shipping Board, 1921-23; chairman Lord, Thomas & Logan, adv. agency. Born, Freiburg, Germany.

[12] Victor F. Lawson (1850-1925); pub. Chicago *Daily News* from 1876.

Chicago, Ill., November 20, 1926.

The new Opera House represents between $13,000,000 and $15,000,000.

Thirty-five years ago Edison [13] and Insull came to Chicago and went over the city. Edison said, "This spot will be the center of Chicago." Insull bought one half of it and has now one of his plants there on the Chicago River, and the other half is now owned by the Chicago *Daily News* for a proposed plant, but the whole lot may go into the new Chicago Opera House to be 400 x 200 feet.

Called on Samuel Insull. He was at the office twenty minutes to eight this morning, and he and all his staff are always there at 8 A.M. He lives, they say, on the "Gold Coast" and could get home early at night, but says five or six hours sleep are enough for him, though he goes into the country every once in a while and takes longer sleeps.

[13] Thomas A. Edison, inventor, pioneer electrical development. Born, Milan, Ohio, 1847.

Chapter Twenty-three

BOSTON REMEMBERS

Born in Boston, C. W. B. loved the city and its storied past. It was the cradle of his youthful hopes, the home of his aging years. He might loom more impressively elsewhere, in London or Paris, for Old Boston does not easily forgive its successful departed; nevertheless, here he breathed most deeply, here he was most in tune with his environment, here he vibrated to chords of feeling and reminiscence unheard elsewhere. He could say this: "Except for me, this would be a city of less wealth, power, and beauty."

En route to New York, May 18, 1920. William M. Wood said:

"The government has notified us that they will prosecute us for profiteering. Sherman Whipple is our lawyer and we are looking up the matter. We are not in the clothing business, but the Lever Act was amended last Fall so as to have clothing added to food prices or necessities. We don't understand how it can be reported from Washington that we have $19,000,000 profits for the first quarter because we have not made up our books for the quarter and our profits cannot be known until we have taken inventories. We sold $112,000,000 worth of goods last year but we had seventeen weeks of strike. The previous year we sold $200,000,000 of goods.

"I have twelve hundred competitors. We have 9,500 looms and a payroll of $1,250,000 a week with 40,000 employees, making 60,000 styles of goods every year. It takes three and one-half yards of cloth to make a suit of clothes and on the average the double width is fourteen ounces to the yard.

"Our annual output will make 155,000,000 suits and we made $12,000,000 net last year and this would be about seventy-five cents a suit profit. We make cloth as high as $10 a yard, but our average price would now be nearer $4 a yard or I

think about $12 for the cloth of an average suit of clothes whether it is a $60 suit or a $100 suit.

"When we recently inquired about the cost of machinery we found it would take $50,000,000 to replace the machinery in these two mills and at least three years' time before we could get it."

New York, May 18, 1920. Mr. Atteaux[1] said:

"We are now making eighty-five per cent of our dyes. The other fifteen per cent we are not able to make.

"When Wood took charge of the Washington mills, the big men at the Arlington mills laughed about it as did all the trade and said that Frederick Ayer[2] could not make pills and sarsaparilla enough to pay the losses that Wood was causing at the Washington mills. But I knew Wood's plans. He had experts to figure the cost of making standard goods on full time. On this he figured fifteen per cent profit whereas Arlington and other mills were figuring thirty per cent on half time. When he opened his samples to the trade the goods were quickly snapped up; everybody said that he would go broke at this price. But I said that in two years you will take note of Wood; in three years he will be a factor in the trade, and in five years you will take off your hats to him. So it was. Wood has set the pace in the woolen industry of this country. He got the Assabet mills in Maine, the largest woolen mill in the world, for practically nothing.

"There are 7,000 looms in the city of Lawrence. I believe he is making nearer $3,000 a loom than the old schedule of $1,000. We used to figure in the old times that a forty-loom mill would make $40,000 a year or $1,000 a loom. A loom can put out now fifty yards and sometimes one hundred yards a day.

"I am not going to dispute the stories of $10,000,000 net earnings in a quarter. American Woolen is going to pay $8 a share dividends and stock dividends."

Boston, December 2, 1921. Galen Stone said:

"I urged Eugene Foss[3] when he went into the hands of

[1] F. E. Atteaux of F. E. Atteaux & Co., 176 Purchase St., Boston. Dyestuffs and chemicals.

[2] Medicine and textile mfr. (1822-1918). Born, Ledyard, Conn.

[3] Eugene N. Foss, ex-congressman; Governor of Massachusetts, 1910-13. Born, West Berkshire, Vt., 1858.

trustees to sell out all his outside things, his real estate and railroad stocks, and he could have done it and had his $2,000,000 in Sturtevant [4] free and clear and something besides, but neither I nor his wife nor his family have ever been able to prevail upon him to quit these outside things. He has been a steady loser in them since that time, but I think under proper management he could save his equity in Sturtevant, which in the year ended June 30, 1921, cut down a floating debt from $1,500,000 to $100,000."

Boston, January 3, 1922. Robert Bradley [5] said:

"The trouble with Harvard University is that a man is not taught to do anything thoroughly. He is taught to 'get by' on his exams and then to forget. When he starts in business, if anybody will hire him, he has no value and it is difficult to teach him work and thoroughness.

"Where are now the men of New England like Forbes [6] and Ames, who built the Western and transcontinental roads, shovel-works, and ships?

"My father came to Boston and started the fertilizer business worth $20,000 less than nothing. Oakes Ames [7] endorsed my father's note and got a quarter interest for so doing in the Bradley fertilizer works. This investment Mr. Ames held to the time of his death when he died insolvent.

"Oliver Ames nursed the estate and told me later that he paid a hundred cents on the dollar and delivered $1,800,000 surplus to the heirs. My father was on Oakes Ames's paper at the time of his death to the extent of several hundred thousand dollars."

January 16, 1922. On Knickerbocker train to New York. Ex-Governor McCall of Massachusetts said:

"Thomas W. Lawson [8] told me once that he was worth $30,000,000 of which $17,000,000 was in government and

[4] B. F. Sturtevant Co., Boston, valve manufacturers, of which Mr. Foss is president.

[5] Robert S. Bradley, chairman American Agricultural Chemical Co. Born, Meriden, Conn., 1855.

[6] John M. Forbes, merchant, financier, and builder of the Burlington Ry. (1813-1898).

[7] Financed, with the help of his brother, Oliver, the building of Union Pacific R. R. See Bower's *Tragic Era* for Ames's part in the Credit Mobilier scandal in Grant's administration.

[8] Speculator, author of *Frenzied Finance* (1857-1925). The other party to Mr. Barron's most bitter feud. One of his daughters married Governor McCall's son. Born, Charlestown, Mass.

municipal securities and I think he was telling me the truth. He had made millions in his manipulation of copper stocks. His father was an old soldier and in his youth Tom said to his mother they must all now turn in and help support the family as his father could no longer work. So Tom went over to Boston, saw a sign 'State Street Boy Wanted,' and hurried in to Mr. Amory [9] who said: 'Do you know anything about the stock market?' Tom said he did not but would learn. Amory took a fancy to him because he was a good-looking boy and set him to counting gold which was then a speculative commodity. But Tom learned about the stock market and soon had $50,000. He had his own coterie or pool. They bought a gas stock which had a contract with the city which was very lucrative. Somebody would introduce a motion in City Hall to break the contract and down would go the price of this stock. Then at the next meeting in City Hall the motion to cancel the contract would be defeated and up would go the gas stock. This made them lots of money. One day the usual bill or motion was presented and down went the stock and they all loaded up for the usual rise. But that night the motion went through instead of being defeated and all that was left of Tom's $50,000 was $157. So he invited the gang up to Young's Hotel and had a good dinner. The $5 that was left over he gave to Horace, the head waiter, and started with a clean slate."

London, May 24, 1922.

Took the 8:45 train for Southampton and the S. S. *Olympic*.

Spent the evening until about 5 A.M. (sic) London time with Matthew Brush. He says:

"The Boston Elevated contract between the stock holders and the City is a contract that can be terminated only by a two years' notice from either party. It is in effect a perpetual six per cent guaranty.

"Griffin [10] of Griffin Wheel brought me from Buffalo to the Boston Elevated. I named my salary at $5,000 where I previously had received $7,500 and specified at the end of a year I should make a new contract. Then I was given $25,000 a year. It broke my heart when the Elevated gave in to Foss after we had won our strike and were operating ninety-five

[9] Copley Amory (1840-79) of Stevens, Amory & Co., brokers.

[10] T. A. Griffin, founder of the Griffin Wheel Co., of Chicago, deceased. Father-in-law of Carl Dennett, quoted several times.

per cent capacity. Winsor [11] had dodged and gone to Paris. Bancroft [12] was afraid of indictments. I had to break my word to 2,200 men I had hired."

Brush began his study of the Boston Elevated with the articles of Hugh Bancroft.[13] When he had thoroughly looked into the situation he notified Winsor that the Elevated was bankrupt, although the stock was selling at 120. Richardson went to Winsor and wanted Brush fired as a dangerous man, but Brush insisted the truth must be told to his employers and they must go before the legislature with the cards on the table. Brush always gets his inspiration from his mother. Whenever he wants her thought he sends her a code word through his office.

Brush's salary as president of the American International Corporation is $75,000 a year and he is slated for the head of it. The company is undertaking too much business. Much of it must be sold. Under the red flag the stock is worth about $40 but its assets are really worth $60 today and it has possibilities in the future.

Boston, September 24, 1922.

Ben Hyde [14] told me in my bedroom: "I have been a bull on this market for about a year. I am in Eastern Steamship stock at $22, because I sent to the Interstate Commerce Commission and got the official report which showed the value in the concern. The company has enough money to build two more boats besides enough cash in the bank to retire every bond and the preferred stock. Of course, sometime there will come opposition.

"We sold to Morse [15] the Metropolitan Line for $300 per share when the rates were a good deal lower than now. Even-

[11] Robert Winsor, head of Kidder, Peabody & Co. Died, 1930.

[12] Gen'l. Wm. A. Bancroft. President of Boston Elevated Co. and father of Hugh Bancroft.

[13] Hugh Bancroft, C. W. B.'s son-in-law and business partner for twenty years. Pres. of Dow, Jones & Co., publishers of *The Wall Street Journal;* pres. of the *Boston News Bureau;* pres. of Dow, Jones, Ltd. (of Canada); pres. of Dow, Jones & Co., Ltd., publishers of the Pacific Coast edition of *The Wall Street Journal;* publisher of the Philadelphia *Financial Journal,* and publisher of *Barron's,* the National Financial Weekly. Also pres. of the Telegraph News Co. of St. Louis; and of the Illinois Tel. News Co. of Chicago, and director in a number of other corporations.

[14] Benjamin D. Hyde, attorney and capitalist.

[15] Charles W. Morse, spectacular operator in ice, banks, and ships. Did time in Atlanta, 1910-12. Born, Bath, Me., 1856.

tually the Eastern Steamship Company will have the advantage of a free Cap Cod Canal.

"Dumaine wants German dyes in here. The government is throwing over the American dye industry.

"The du Ponts are unpopular and Washington is filled with German propaganda surrounding the entire government.

"We have enough protection in the new tariff for coarse dyes like black for silk stockings, but we need three years more protection on the fine dyes to work out commercial uses for the surplus that arises from the manufacture of certain dyes and explosives of the higher grades. The Germans can manufacture as we do and where their toluol is split into various parts they have fine uses for all the parts, while we have to throw away half because we have not found commercial uses for it. The government attack on the American dye users was an outrage."

Merchants Limited, En route to Boston, June 17, 1924. John C. Cobb [16] said:

"After buying out Henry M. Whitney [17] I had about thirty per cent interest in the Boston Terminal Company, which had two hundred acres of land in Sweat Street, or South Bay extension, running down to Massachusetts Avenue. I offered the the whole thing to Mellen for $3,000,000 and agreed on a sixty-day option. He allowed the option to expire and then offered me $3,000,000. I declined and he came back in about three months and said he would take it for $3,250,000. I said the price was $3,500,000. He said he would never pay it and would never have anything more to do with me. Then he came back and said he would take it at $3,500,000. I told him the price was $3,750,000. He declared that was the end and that he would never pay it. Later he came back and said he would pay $3,750,000. I told him the price was $4,000,000. He was very mad and said I was trying to do him.

"Later Morgan sent for me and wanted to know why I would not trade with Mellen and what the matter was. I said I was willing to trade. I saw Mellen the next day and told Mellen that he did not need all the land. There was a part of it he could not use. Cutting off that part I would sell for $3,750,000 and the trade was agreed to."

[16] John Candler Cobb, capitalist; expert in taxation. Born in Brookline, Mass., 1858.
[17] 1839-1923; president Gloucester Steamship Co. Brother of Wm. C. Whitney of New York. In many large enterprises but died poor. Born, Conway, Mass.

Andover, Mass., June 10, 1924.

William M. Wood said he didn't want to know how much had been spent at Shawsheen Village. It was there and he wanted to forget the amount so he wouldn't be called upon to talk about it. He said the mills cost $7,000,000; the office building $1,000,000. The water power in front of the office was only seventy horse power and only ornamental.

Later Binney [18] said that it was difficult to state how much money had been invested because many of the buildings and houses were owned by Wood personally. He said there were $5,000,000 of notes out against the Shawsheen mills.

Boston, Mass., June 17, 1924.

At lunch with Dumaine and Nichols [19] of the Internal Revenue office and Hearst's new manager for Boston. The latter said:

"Hearst has an investment of $3,000,000 in Boston. Last year he lost $187,000, but the first five months of this year I have lost only $57,000.

"Enright [20] by actual count of his press has only 40,000 circulation. I want to hire one of his editors, but can't get him until after Doheny stops paying him $125 a week to write editorials in defense of Doheny. If you don't believe it I can prove it to you.

"Hearst is now starting a tabloid to offset the *Daily News* pictures in New York. He is running a thing called the *Daily Advertiser* here at a loss of $5,000 a week, but out of his Sunday edition makes $1,000,000 a year. He would be $1,500,000 better off if he would annex the Sunday *Advertiser* to the daily *American,* but that is not Hearst's way of doing it. He believes in setting up different organizations and making them fight each other.

"Hearst made $8,000,000 last year, which was, of course, a small percentage of his gross overturn. Anybody could take his papers, throw away several of them, and make $15,000,000 a year. But Hearst doesn't care about money; he prefers expansion. He is now planning to buy five more daily papers in New England. He is willing to give $1,000,000 more for the

[18] Henry P. Binney, director American Woolen Co., and many other industrial enterprises.

[19] Malcolm E. Nichols, mayor of Boston, 1926-29. Born, Portland, Maine.

[20] Frederick Enright, publisher of the *Telegram,* Boston, since defunct.

Boston *Post* than it is really worth; but Grozier's [21] will forbids its sale. Before taxes last year the Boston *Post* made $1,500,000. The Boston *American* does about $2,000,000 in advertising."

Dumaine said: "The Germans knew how to make dyes, but did not know how to dye cottons. We took German dyes and made blue shirtings. The only complaint we had was from the junk dealers. They wrote complaining that they could not bleach the blue out of Amoskeag cotton.

"William M. Wood is a fool. He imported the worst labor which made the great strike in Lawrence. Then he reversed and multiplied wages to three hundred per cent. Now they are building woolen and worsted mills in the South that will close his mills. He told me he was running the American Woolen mills without regard to any other mills in New England. But he is committing suicide [22] to hold up his wage scale."

Chicago, Ill., June 29, 1926.

Philip Reid, treasurer of Armour & Company, called on me at the Blackstone. He said he had never heard how much William M. Wood had left. He thought it might be $10,000,000. He had before his death given all of his children $2,000,000 each, and William M. Wood, Jr., had made his up to $3,000,000.

Reid said: "My first business as a youngster was assorting wool in one of Mr. Wood's mills. I told Mr. Stevens [23] of Andover what I wanted to do. He said he could, of course, recommend me and put me into a wool house in Boston but it would be better for me to make my own applications and tell my own story, but if needed I could give him as reference. I started in with the wool district and marched down Summer Street, and after going to half a dozen houses I met Mr. Willett [24] of Willett-Sears & Company. When he asked me for my recommendations I promptly named Mr. Stevens, and that settled it. He offered me $5 a week, and I said I could not come back and forth from my home in Andover for that. Therefore, he paid me $8 and I was mighty glad to get it. It was many years before I got beyond $15.

[21] Edwin A. Grozier, editor and chief proprietor of the Boston *Post* since 1891; died, May 6, 1924, at the age of 65.

[22] Mr. Dumaine spoke more truly than he knew. Wm. M. Wood suicided, Feb. 2, 1926.

[23] Of M. T. Stevens & Sons, worsted manufacturers.

[24] George F. Willett. Born, Walpole, Mass., 1870.

"Armour Leather Company came to own Willett-Sears, and I was sent to Chicago to represent their wool interests, and the result, as you know, is that I am now treasurer of Armour & Company.

"Willett knew everything about wool, and it was so easy for him to make a success and millions in the wool business that he thought he could run everything. He established a great central office with auditors, purchasing agents, and experts for handling of 'sick chickens.' He made big money in the American Felt Company and he became an entirely changed man.

"In my judgment he has no right to that $11,000,000 verdict against the Boston bankers. When they took over the American Felt Company they were alarmed as to its future. But they made money out of it, and that you know is condemnation before a jury."

Bar Harbor, Maine, August 12, 1928.

Spent an hour and a quarter with Robert Winsor[25] at Latty's Beach, West Tremont, five miles beyond Southwest Harbor—rather difficult of access.

Winsor said: "This is the finest spot on earth. When it is hot at Bar Harbor it is cool with southwest winds here. Mt. Desert is in fog one third of the time. Camden Mountain is in the distance at the right.

"I had my nerves shattered by some things a few years ago and my nervous system has been overworked and I have come here to keep quiet. You know that for years I haven't had any digestion. I cannot eat more than twice a week, but I can take the liver preparation and that has helped me to eat.

"I own a mile and one-half of water front here and nobody can disturb me. I love the sound of the waves, and the squirrels and rabbits that run around here. Did you notice my new salt-water swimming pool? That Guernsey cow I have had here for two years.

"I have never seen you looking better, but it is a pity you weigh 330 pounds. You are right that we should omit white bread from our diet.

"I came here because the cottages had crowded in too thick at Buzzards' Bay."

We talked of everything, the Oaks Farm, its record in cer-

[25] Senior partner, Kidder, Peabody & Co.; died, 1930.

tified milk, blood test for contagious abortion, Federal Reserve System and New England and southern mills, Morgan partners, etc., but what he first wanted to know was the personnel of General Motors. He thought he saw trouble when political divisions came to the front there. He seemed to doubt if the Fisher boys had the background to succeed du Pont as the conservator. The new Buick was an absolute frost.

He was glad I told him of Coolidge's understanding of Mexico. He said: "I had thought it was a pity to sacrifice Morrow there. He has been a power for great good in Morgan's and is one of the finest fellows in the world. Lamont was fooled in Mexico. Morgan and Morrow are the two best. Whitney [26] is fine, brought up in our Boston office.

"I haven't read Hoover's acceptance speech and don't see much of the papers down here, but Al Smith is our greatest politician.

"I met Fred Fisher, Chrysler, and Wills [27] on a yacht. They got the better of Wills. He became enthusiastic and showed them his new motor plans. I could see them drinking it in. Then they produced it ahead of him. Haven't the Fishers been flying pretty high?

"I got the first new Ford in Boston and my daughter is crazy over it.

"Young Frank Peabody,[28] now dead, my partner and your classmate, made a thorough study of the Federal Reserve Act when passed. He declared it a political measure and said it would produce a tyranny.

"I think we have invested too much capital abroad and must pay the penalty.

"I have had three men investigate the mill situation north and south. The situation for New England is terrible. A good deal more than a quarter of our mills must be liquidated. The South can build and can operate cheaper in every way. It has better labor, has advantages in climate and transportation, has plenty of water, and plenty of undeveloped water power. Fred Dumaine, the ablest man I know, is just able to keep the Amoskeag in operation with mills and machinery in first-class condition.

[26] George Whitney, partner J. P. Morgan since 1920. Born in Boston, 1885.

[27] C. Harold Wills, formerly one of Henry Ford's engineers, mfr. of Wills-Saint Claire.

[28] Frank E. Peabody. Born, Feb. 29, 1856; died, Sept. 28, 1918.

"If we are selling out Massachusetts Gas I have not heard of it. If the Pittsburgh people are buying for control I don't know it.

"The New Bedford Mills must win the strike or we have the Haverhill situation over again."

When Winsor's beautiful voice had spoken with me on the telephone he had said, "My people want me to keep very quiet; will twenty minutes do you?" I said, "Fifteen will do." I was astonished to find I had spent more than an hour. But he was interested and wanted to know many things.

I told him I hoped he would get in more partners and continue Kidder, Peabody & Company as an institution. He said, "We have lots of young men coming on."

New York, August 31, 1928.

L. Sherman Adams [29] spent about an hour and a half with me this forenoon on Eastern Massachusetts affairs. Charles Hayden had notified Watson [30] that he did not want to carry this thing for two years more. Hence they had traded with the trustees to vote the stock for further public control and the trustees have agreed to begin dividends on Eastern Massachusetts Common. Stone & Webster are willing to take management control at one and one-quarter per cent of gross and give an efficient management.

The trustees admit an agreement with the Boston & Maine and the New Haven not to ask for bus franchises in cities where the railroads operate. Adams believes the bus franchises are worth millions. They can operate for twenty-seven cents per mile against forty-one cents for street railways. The people prefer to ride on rubber. Except for the swing around a curve, bus riding is easier than railroad riding and the profit in operation is seventy per cent without depreciation, etc.

Five men dominate Boston finance. Gordon Abbott is very strong in the Old Colony;[31] Robert Winsor and Wing [32] of the First National, working with Harris, Forbes & Company. He would not name the other two.

Nobody that he can find understands this stock market.

[29] Chairman Eastern Massachusetts Company. Other directorates. President American Oil Royalties.

[30] Lester Watson, a Boston partner of Hayden, Stone & Co.

[31] Chairman Old Colony Trust Company since 1910. Director N. Y. Central and other large corporations. Born in Boston, 1866.

[32] Daniel G. Wing.

He talked this morning with the man who carries the book on the New York Stock Exchange for the Montgomery Ward owners. There is no pool in the stock and at times the market is very thin. Morgan people bought stock up to 160 and not later, but still hold.

Adams cannot see the profit in these big new stores, yet people over the country in small towns will buy as much as 20,000 shares of Montgomery Ward at one time. It is country-wide trading, and Canadian buying, also the country is too rich for any millionaires to attempt control.

Adams figures that the big people went out of stocks and encouraged high money. They then found high money did not put stocks down and they have been buying their stocks back. Brokerage cash and margins were never so strong. When the market became very thin in Montgomery Ward at around 180, a bear pool was formed but it could not get its stocks back and they have had to cover at higher prices.

Chapter Twenty-four

GENTLEMEN OF THE PRESS

The journalist and the town crier are gossips under the skin. Newspaper men love to talk to one another, to talk shop, their own shops and those of their competitors. Like most publishers C. W. B. was interested in costs and profits; he enjoyed discovering how much this or that pillar of the press was worth, and why. On this side of the ocean, his work held him rather closely to the Eastern seaboard; but abroad he found time to quiz the journalists of the great capitals, who told him many things—some for publication, some not.

September 27, 1918. Herbert N. Casson tells me:

"Northcliffe [1] owns one hundred publications including the *Daily Mail,* the London *Times,* and the *Evening News.* The *Morning News* is against him and is owned by the Cadburys and Roundtrees, cocoa people. It is often spoken of as the Cocoa Press. They are Quakers, now represented by three young Cadburys and three young Rountrees. Together they employ 3,000 hands and dominate the cocoa business.

"Sir George Riddell, with whom Lloyd George lives in the country, has the world's largest circulation in his *Sunday News.* He also owns the *Daily Express.*

"Lord Burnham [2] of the *Telegraph* hurts nobody and is liked by everybody. Northcliffe is abhorred by the Brahmins. Northcliffe is not a gentleman because he fights to hurt.

"It was the *Times* which pushed Asquith out of power, largely by a paragraph. The situation in London is not so bad as in France where a *bon mot* will turn over the government of

[1] Cecil Harmsworth (1865-1922); 1st Baron Northcliffe. Publisher *Times, Daily Mail,* and many other London publications. Director of propaganda, and special representatives of British government to U. S., 1917.

[2] Harry Lawson Webster Lawson, 1st Viscount Burnham, publisher *Daily Telegraph,* etc., London. President Empire Press Union since 1916.

France. Clemenceau has turned over six governments with a sentence."

London, February 27, 1919. P. A. O'Farrell says:

"Sir Henry Dalziel [3] and associates paid $8,000,000 for the *Chronicle* to have it in the interest of Lloyd George. Inverforth put up $1,000,000. Dalziel also bought the *Pall Mall Gazette* from Astor and has several other papers. His first paper was *Reynolds' Weekly* which now has 2,000,000 circulation.

"Lloyd George cannot be bought or bribed, but in a political fight honors and offices will go to the men who support his party.

"The line of papers under Dalziel has been organized to fight the Northcliffe papers. Northcliffe is regarded as the Hearst of English journalism. He fights every man who does not cooperate with him.

"Every administration must have its press and publicity or the opposition of the newspapers will be successful."

P. A. says: "The strength of the F. A. Heinze [4] party in Montana was twenty-seven county newspapers and I went around and arranged with them before the campaign began. I nearly killed myself writing all the various editorials for these papers, but the local readers took them as the views of the local editor and they were law and gospel to them.

"I bet $1,100 on Wilson's election and believed when I went to British Columbia that New York was saved for Wilson, but I was really betting on the Pacific Coast, for J. D. Farrell [5] had informed me that those Republican states were going to vote for Wilson. Organization is the key to political success. You can elect anybody with organization.

"Twenty-seven years ago I gave a dinner to Pat Collins [6] and others. T. P. O'Connor asked to bring along a little Welshman named Lloyd George. He of course became my guest and we have been friends ever since. This was the first time he ever met any Americans.

[3] James Henry Dalziel, 1st Baron Dalziel of Kircaldy since 1921; Baronet since 1918. M. P., 1892-1921. Proprietor Reynolds' and other English publications. Born, 1868.

[4] F. Augustus Heinze (1869-1914). Montana copper operator.

[5] John D. Farrell, western railroad builder with James J. Hill for many years. Now retired with a fortune made in mining by "grubstaking" an honest prospector.

[6] Patrick A. Collins, mayor of Boston and thrice elected to Congress. Consul-general to London, 1893-97. Born, Ireland, 1844.

"They made me recite all of Riley's [7] poems and then I had to go to Ireland and get a copy for Lloyd George. Mrs. George said he went to bed with it at ten o'clock and read it until four o'clock in the morning."

Paris, March 1, 1919.

With Wickham Steed,[8] 55 Avenue Marceau, at five o'clock tea. Several persons present, one representing Trieste, another the mayor of a city of Dalmatia, also journalists.

Steed talked to me most of the time. He was announced as the new editor of the London *Times* last Tuesday, February 24, but he does not go to London until after the first of April.

Northcliffe will not return until Spring is well along, perhaps the middle of April. He resigned as chairman of the *Daily Mail* to be relieved of detail duties, but none of his fifty-three papers are for sale.

Some months ago his doctor warned him that he was twenty-five per cent anæmic, but his only trouble now is bronchial trouble which he hopes to get over soon in the south of France.

Northcliffe has only two or three men in training for his work.

Northcliffe did not interview Wilson recently. That statement for the *Times* as an interview with Wilson was prepared by three people, Americans and English. Wilson revised the proof.

Steed says I have come to Paris at the right time as finance negotiations must begin.

He seemed a bit captivated by A. E. Stilwell's [9] plan to issue paper for all the war debts to be guaranteed jointly by the United States and all other powers. He said he had submitted a synopsis of Stilwell's plan to the directors of the London County Westminster Bank and they could find no flaw in the argument or details if once you granted the premise.

Stilwell maintains that the warring nations are bankrupt and that you must stop this taxation of capital by issuing non-interest bearing paper and let the world go to work.

[7] James Whitcomb Riley (1853-1916); poet; Indiana.

[8] Henry Wickham Steed, proprietor and editor *Review of Reviews*, London, since 1923. Foreign editor *Times*, 1914-19; ed. 1919-22.

[9] Railway builder. President of Kansas City Southern at 32. Born, Rochester, N. Y., 1859.

I told Steed that the United States would never guarantee the European war debt or join in any such guarantee. We had better build a navy or a Chinese Wall around us and exist independently.

A nation with ten per cent of indebtedness would not join in partnership and make joint debts with nations indebted sixty per cent.

Steed said the United States could not exist independently. I said it could be sufficient unto itself and exist independently; that it needed to buy nothing of Europe except art and pleasure; our people would fight before they would join with European indebtedness.

He came to Europe in 1894 and has been foreign editor of the London *Times* for many years.

Paris, Saturday Afternoon, March 8, 1919. Called upon Lieutenant-Colonel Philippe Bunau-Varilla at 53 Ave. d'Iena. He said:

"I own forty per cent of the *Matin* and my brother sixty per cent, but if he passes on I inherit control.

"*Le Matin* has a circulation of about 1,250,000 and earns $300,000 a year. The government forced the papers to double their prices and cut down their size from four pages and sometimes two.

"The French control also multiplies the price of newspaper by five times.

"The paper of leading circulation is the *Petit Parisien; Le Matin* is second and *Le Journal* third and *Petit Journal* fourth."

Paris, Tuesday March 13,1919. Spent a half hour with Stone of the Associated Press. He says:

"Things are in an awful shape in Europe. Pershing says the troops won't fight any longer. They are anxious to go home. That is the real reason we cannot go into Russia. Neither the English nor the French can send many troops into that country because the troops simply won't go.

"Here is the *Chicago Tribune* yelling over the headlines of its Paris edition, 'Send back the American Boys and *toute de suite!*'

"The situation is perfectly hellish. 3,000,000 people in Belgium and 2,000,000 people in France won't work. They prefer

idleness. Germany pays idle men more than they can get in working. I have good men all over the world and eighteen here to help me."

Paris, March 21, 1921. With Maxim S. Shottland.[10]

When Shottland wants money he goes into a dark room and thinks up a scheme. He is now on his way to Poland with a scheme involving many hundred millions. Shottland was desired to go to Russia in 1915 by F. H. Prince to establish a mail-order business there. He says:

"In 1910 I went to Calmette [11] of *Figaro* and got a contract to divide fifty-fifty on American advertising. Rates were to be a hundred francs where before they were twenty-five francs. Sixty-three papers agreed and I had the right for one year exclusive. I cabled J. P. Morgan & Company at New York and was referred to him at Rome where I found him playing. Morgan said, 'See Davison,' and they engaged rooms for me at the Plaza. I borrowed 5,000 francs from Harry Bronner and went ahead. In New York they explained to me that J. P. M. & Company had a position too important to pay anything for news but referred me to Vail of the Telephone Company. I was disgusted and went back to the hotel. Then they sent for me. I protested but they insisted that I see Vail. I did and showed my contracts and Vail paid $25,000; one half was to go to me. I insisted that I draw the checks to the sixty-three papers. I did business on this basis with several people and got $10,000 from Heinze, and he sold his Bingham Central Railroad bonds in Paris because I had them well spoken of by cable advices from America.

"I did some business also with Lewisohn [12] on Miami Copper and on Utah Copper. This amounted to $60,000 but I do not think he made a success of it.

"In four months I had $1,000,000 and I could not sleep nights for fear the banks might fail on me. It was so much

[10] A roving journalist and advertising man, and, as indicated, one of many schemes. On Nov. 24, 1917, the Baron Maxime de Sheyder Shottland appeared in police court, New York City, to champion the cause of Mrs. George Osborn Hayne, described as née Emma Vecera, the grandniece of Emperor Franz Joseph of Austria, the daughter of the missing Archduke, "Johann Orth." At this distance the adventure in court reads like a publicity stunt.

[11] Shot and killed by Madame Caillaux, 1914, who was acquitted after a famous trial.

[12] Adolph Lewisohn, head Adolph Lewisohn & Sons, copper investments; Miami and Tennessee coppers.

money. I went to Monte Carlo and they took the major part of it from me. Then the Agency Havas sued me and the papers claiming that my contract violated theirs."

S. S. Olympic, March 26, 1921.

F. W. Kellogg [13] (Mrs. Kellogg was Miss Scripps) started on the Detroit *News,* then on the St. Paul *News,* a one-cent paper. In eight months there was 20,000 circulation, but not much money for the payroll. Then the city treasury went broke temporarily.

Kellogg said: "Let's pay the teachers $301,000. St. Paul will not have the money until January 1st." I went to Mitchell [14] and borrowed the money and took $1,800 in advertising from the bank. It cost us $1,000 interest, but every teacher became a boomer for the *News.* We paid dividends the next month and never stopped the monthly dividend.

"I started the *News* in Omaha. It cost $23,900 and then returned $1,000,000 in dividends and has $600,000 in property.

"The Los Angeles paper increased 600,000 lines of advertising last year up to 1,600,000. The advertising rate averaged eleven cents a line. I raised the price of the paper from one cent to two cents and then to three. Hearst got £30,000 from *Nash's Magazine* in London during the war most unexpectedly. The *Nash* manager had raised the price from sixpence to a shilling. It became the largest magazine in Europe with no paper for advertising, so he stopped advertising and the paper paid. The English government never stopped it. Probably never knew that the money came to Hearst.

"Hearst had a $2,000,000 ranch from his father in Mexico and turned it over to his mother to cover his borrowings. He paid her from the mine alone $1,500,000 a year for many years. There were also 200,000 cattle. The mine was flooded by the bandits.

"McLean [15] bought the New York *Recorder.* Hearst bought it from him and made it the New York *Journal* and then made the morning edition the *American.*"

[13] Organized Kellogg Newspapers, Inc., sold to Ira C. Copley, 1928. Vice-president Copley Press. Born, Norwalk, Ohio, 1866.

[14] John R. Mitchell; president Capital Nat'l. Bk., St. Paul, 1906-20. Chairman Minneapolis Federal Reserve Bank since 1924. Born, Franklin, Pa., 1868.

[15] John R. McLean (1848-1916); father of E. B. McLean of Washington.

Genoa, Italy, April 26, 1922.

Oswald Garrison Villard [16] tells me that he did not sell the *Nation* when he sold the *Evening Post.* He ran the *Post* for twenty-one years and lost nothing. Lamont had it three and a half years and lost $2,000,000. They took advertising as low as two cents a line or less than the paper cost.

In the evening at Olympia joined with the newspaper men in a dinner to Lloyd George. Adam of the *Evening Standard* of London presided, with Lloyd George on his right and Vanderlip on his left. There were about sixty newspaper men. Counting the men at the table facing me there were fourteen Americans and ten others. At a little table in front of the speakers was the Boot Club, including Hargrove, Sir Edward Grigg, Noble Hall, McClure, and others, all of whom had been formerly with Northcliffe.

London, April 10, 1923. Lovat Fraser, at luncheon at the New Metropole, says:

"Selfridge stands well in London. His acquisition of Lansdowne House was something of a sensation in London and has raised him in the people's esteem, something which could not occur in America.

"Rothermere has enormously increased the earnings of the *Daily Mail,* but has never been in the office since he purchased it. He lives on his farm sixty miles away and has at times a suite at the Savoy.

"Arnold Bennett [17] came to Lord Rothermere for £1,000 to invest. Bennett said they wanted to revive an old opera and he thought the £1,000 would be a good investment. Rothermere put it up as a matter of goodfellowship. But it has been returned to him more than twenty or thirty times over. Now Rothermere is backing "Polly" which is paying as well.

"When Northcliffe was very rich, Rothermere was worth three times as much."

Rome March 24, 1923.

Captain J. F. C. Kruse met Friday evening at dinner with Mr. and Mrs. Arthur Lipper. He dined with me on the train

[16] President and editor of the N. Y. *Evening Post* from 1897-1918; son of Henry Villard and grandson of William Lloyd Garrison, the abolitionist. Editor the *Nation* since 1918.

[17] English novelist and dramatist. Born, 1867.

Saturday from Rome. He is connected with the business office of the Paris *Daily Mail* and has recently been motoring through Spain with Lord Rothermere and his nephew and a friend of the Captain's. He said:

"Lord Rothermere bought the *Daily Mail* in London for £1,800,000 and went to the public for £1,000,000 preference, allotment of which was forty times overscribed. It is now earning £800,000 per annum, but was only earning half this under Northcliffe.

"Northcliffe was a wild spender with no business management, while Rothermere is an economist and a business manager. He quickly doubled the earnings of the *Daily Mail.*

"The London *Times* is not paying but will be supported by the Astor money for a time. Within two or three years it will be again in the market.

"Under Northcliffe the *Times* lost about £30,000 a year.

"Northcliffe was crazy toward the end of his Japanese trip. In Switzerland he sacked his secretary and took on a new secretary who could hardly speak English. Then he sent him to London with a card saying he could sack anybody he pleased.

"Northcliffe also published statements slandering all his leading directors and actions were brought against him for libel, but they were settled."

William Boyce Thompson told me in Rome that he had seen the contract under which Hearst pays Brisbane[18] $160,000 a year (I think it may have been more than this figure, but not above $180,000); Brisbane to be independent absolutely in what he had to say in that first column and to have the right to own newspapers outside. Brisbane invests in real estate up around 42nd Street, of present small return, but of increasing value, so that his income is eaten up carrying the real estate, but he has no income taxes to pay.

Thompson says: "Hearst is worth $50,000,000 has had an income as high as $1,000,000 a month from his publications and that all of them were paying, when he knew the facts, excepting Chicago and Boston and those were self-sustaining."

Rome, March 25, 1923.

Kruse says: "When the King sent for Bonar Law to form a

[18] Arthur Brisbane, editorial columnist for Hearst papers. Editor New York *Journal*, 1897-1921; Chicago *Herald and Examiner* since 1918. Born, Buffalo, N. Y., 1864.

new government, Bonar Law sent for Rothermere and we went down there and spent two hours with him. He wanted Rothermere's support, but Rothermere would not pledge that unless Bonar Law could pledge support to the *Daily Mail* policy of support to France and withdraw from Mespot,[19] which of course, Bonar Law could not promise.

"I think we are winning and have swung the English people around to the support of France in the Ruhr.

"I am thirty years of age, began my career with Lord Rothermere at seventeen, and for many years was his secretary. That was why I went with him to Spain. I have always been on the business side of his publications. He is a very able man, never changes his opinions; but reaches his conclusions partly by logic and partly by intuition and is phenomenally right."

New York, April 19, 1924.

At the New York *Times* dinner given by Mr. Ochs [20] to the Directors of the Associated Press I was told by Charles F. Hart, at my side, formerly associated with Northcliffe and Rothermere, that Rothermere was worth $150,000,000 and that he had saved his brother Northcliffe four times from failing.

"During my time with Northcliffe there were seven lives of Napoleon written and I know that Northcliffe took his curl and his title of Northcliffe that he might represent the famous 'N.'"

New York, April 23, 1924.

Lunched today with Cyrus H. K. Curtis [21] on board his yacht in the Hudson River off the Columbia Yacht Club at 86th Street. Mr. Curtis told me that his grandchildren paid all the expenses of his yacht.

He bought the New York *Evening Post* for $1,000,000 bonds and $600,000 cash from Lamont after he had gone to Lamont to get a financial editor and Lamont recommended the one on the New York *Evening Post*. The net circulation of the *Post* when he bought it was 29,000.

[19] Mesopotamia.

[20] Adolph S. Ochs, publisher of the New York *Times* since 1896. Born, Cincinnati, Ohio, 1858.

[21] Publisher *Saturday Evening Post, Ladies Home Journal, Country Gentleman,* Philadelphia *Public Ledger,* and N. Y. *Evening Post.* Born, Portland, Me., 1850.

Mr. Curtis was bright of eye and quick of step. We climbed several flights of steps of the Yacht Club to Riverside Drive together. Then hailed a cab and I dropped him in Times Square. I said: "Curtis, you must have laid out for six year's work in the *Post*. How old are you?" He replied, "I am seventy-four, damn it."

New York, June 17, 1924. Roy Howard [22] says:

"The United Press with its ten owners, and operated for profit, is giving a service to 1,150 papers that will compare favorably with the Associated Press' reports to 1,200 papers, but the Associated Press cost to the newspapers is $9,000,000 and that of the United Press is only $4,500,000." He says the United Press is not yet making $1,000,000 a year out of this.

He says they are in forty-four different countries in the world, serve about eight papers in Italy and twenty in Germany, and altogether go into nineteen different languages. They send more than 8,000 words daily to South America.

Camden, Maine, September 14, 1924. Cyrus H. K. Curtis says:

"Lorimer [23] may sometime continue *The Letters of a Self-Made Merchant to His Son*. Lorimer was a Southern agent of Armour at $5,000 a year. He concluded the position offered no field for what he wished to do in life and went to Armour and resigned.

Lorimer went East, expanded his education, took a position on the Boston *Post* as a reporter, and later came to me. I had in an application for Mr. Hardy,[24] then representing our government abroad, for the editorship of the *Saturday Evening Post*, but before negotiations were closed he accepted another position and I was advised that as he had been so many years out of the country that his choice as editor would not have been a good one. Lorimer, whom I left in charge while I went abroad to see Hardy, instituted many editorial changes

[22] Roy W. Howard, chairman United Press Ass'n., N. E. A., and all Scripps-Howard newspapers.

[23] George Horace Lorimer, editor of the *Saturday Evening Post* since 1899. Born, Louisville, Ky., 1868.

[24] Arthur Sherburne Hardy (1847-1930). U. S. Army, 1869-70; college professor, 1871-93; U. S. Minister to Persia, Greece, Serbia, Switzerland and Spain. His diplomatic services extending from 1897 to 1905. Author of many textbooks and novels.

during my absence. On my return the *Post* was going so well that I made him editor."

Camden, Maine, September 15, 1924.

Lunched at Dr. David Jayne Hill's with Mr. and Mrs. Edward Bok,[25] and Mr. and Mrs. W. J. Curtis [26] of Camden, Maine.

Bok's father was language assistant to the Western Union Telegraph Company in New York, and Edward's desk was beside him. The elder Bok had to make translations of German and other foreign documents in patent and business cases for the Western Union.

"When he died," Bok said, "I was told that I could go into the law department if I could quickly master shorthand. I went to night school and mastered Munson's shorthand and still use it.

"Russell Sage [27] was a director. He used to send me out at noon for two apples for four cents, and carefully take back the odd cent and deposit it in the center of his well-filled leather wallet, wound about with a leather strap.

"I shall never forget the day I spent five cents when the two-cent apples were bad. Mr. Sage delivered me a lecture for ten minutes: first, that I must obey orders, wherein he was right, and next that I should never waste money. The next day I bought two two-cent apples and returned one cent.

"We youngsters all loathed young George Gould. He treated us as dirt under his feet and we bothered him whenever we could."

After luncheon W. J. Curtis and Edward Bok talked. Bok is looking for an editor for Cyrus H. K. Curtis, a possible six-figure man, but editors are not readily found. I said, "What is an editor?" He said: "He is a selector and has the popular sense. Hoover would make a great one and I may get him."

I said: "An editor is only a reporter, reporting the truth in a higher field, as shown by the facts being brought together, and you make the editor from the reporter who can deduce the truth from the situation as shown by the facts."

[25] 1863-1930. Editor *Ladies Home Journal.* Author, philanthropist. Born, Netherlands, 1863.

[26] Lawyer, Sullivan, Cromwell & Curtis, N. Y. (1854-1927).

[27] Financier, whose millions are now in the Russell Sage Foundation (1816-1906).

Curtis said: "I was a reporter for the Bangor *Whig* as a young man. Once I carefully laid out pencils and paper to report an address by Robert G. Ingersoll,[28] but such was the effect of his eloquence that I simply listened and absorbed, then awoke to the fact that I hadn't a note. But at the office I was able to fish up previous addresses and make a fair report.

"Pattengall,[29] the defeated Democratic governor for Maine, is probably the most brilliant lawyer in Maine, but I do not think he makes over $15,000 a year. He was formerly a reporter, and if you want to laugh get his *Meddybemps Letters* and *Hall of Fame,* published by the Lewiston *Journal,* with foreword by Arthur Staples." [30]

Camden, Maine, September 15, 1924.

Dined with Mr. and Mrs. Cyrus H. K. Curtis aboard his yacht, with Dr. Hill, Mr. and Mrs. Tillema,[31] Mrs. Edward Bok, Louis Seibold of the *Evening Post,* and George H. Lorimer, editor of the *Saturday Evening Post.*

Lorimer said: "Booth Tarkington [32] has a great collection of ship models at his summer home in Kennebunkport. I think *Alice Adams* is his greatest book, better than *The Turmoil.* But the best business novel ever written was *The Market Place,* by Harold Frederic.[33]

"We have sent men to the Coolidge homestead at Plymouth, Vermont. The President's father has fished out all the old furniture, including two sap buckets made by Cal Coolidge himself. We have photographed the interior of the house and have three articles on it.

"One of the old neighbors said, 'Wal! Cal was a chewer, but he was a tight spitter.'

"In his youth Coolidge was the end man of the Plymouth minstrels, with a black cap made from a lady's astrakhan coat. Coolidge wrote all the minstrel gags.

"I do not believe it would be good judgment to put Coolidge

[28] Orator, free thinker (1833-1899); Col. 11th Illinois Cavalry, 1862; author of *The Mistakes of Moses.*

[29] William C. Pattengall, candidate for Governor of Maine, 1924. Born, Pembroke, Me., 1865.

[30] Arthur G. Staples, editor Lewiston *Journal* since 1919. Born, Bowdoinham, Me., 1861.

[31] Mrs. Tillema is Dr. David Jayne Hill's daughter.

[32] Novelist. Born, Indianapolis, 1869.

[33] Journalist, novelist (1856-98). Represented the Associated Press in London. *In The Market Place* was his last novel, published posthumously, 1899.

on the stump. No Presidential candidate ever succeeded that way. Let him talk by radio. He reads well, but he does not loom large as a public speaker, and in some parts of the country they expect a loud-voiced orator and physical eloquence. Coolidge would disappoint such an audience.

"Serials now run in magazines not longer than six months, and the best writers get as high as $60,000 for a six-part serial novel.

"I read about 500,000 words of manuscript every week," said Lorimer. "About half of it gets into the *Saturday Evening Post*, every word of which I read. Not all of the half rejected is lost. We write letters returning the hopeful manuscript and making suggestions as to how it can be made available. We do not wait for the post office to bring us our articles. We have men out all the time interviewing authors and getting lines on their work, and we plan the backbone of the *Post*. We choose many of the subjects and assign them to the men best fitted to develop them. We are always trying to bring forward young writers and make them.

"We copyright our articles for the purpose of stopping advertisements with misleading extracts from them, but for legitimate purposes we do not object to publication of extracts from *Saturday Evening Post* special articles.

"We pay a good deal more for serial stories than for single special articles."

Chapter Twenty-five

IN THE HALLS OF PLENTY

Here are gathered stories and incidents which escape classification elsewhere, but which reveal famous personalities and colorful incidents.

In the first appears George Kessler, the spectacular champagne agent in New York during the gay nineties. George left behind him several millions, a collection of fans said to be worth another million, and a reputation for high living which, because of certain stories, bids fair to be imperishable. He just missed enormous riches; but didn't he live the life?

Section Two shows our lusty Americans showing their way through the halls of plenty, dropping millions here and picking up more millions there; yet seldom stopping to look at the scenery or express a philosophic doubt.

In the Schatzkin incident C. W. B. will be observed in a new rôle—that of disciplinarian. The interview is typical of many cases where he felt it necessary to be hard in defense of a principle.

Concerning Agwi, as the Street calls a certain combination of ships and sealing-wax and oil, what mortal mind can know the whole of its involute history? But here are bits of that history which indicate that shipping has its surprises.

"Certain English Gentlemen" contains pen pictures of some English notables whom C. W. B. knew and admired, for their industry no less than for their wealth. The reader will note how often he returns to the problem of discovering who is the richest man in England. The English are a queer lot; it took many questions by one of the greatest interviewers of all time to discover a simple thing like that, which every well-bred English boy should know.

We fancy Sir Charles Ross's statement concerning the treachery in making Canadian rifles will stir some of the best minds in the Dominion. If Canada were U. S., there would be a Senatorial investigation.

There was a time when Sir Basil Zaharoff was called "Europe's Man of Mystery." C. W. B. found him quite clubby.

A Retired Internationalist

Paris, Friday, March 7, 1919. Kessler,[1] Moet & Chandon wine man, says:

"I used to make $1,000,000 to $1,500,000 a year in the wine business.

"J. P. Morgan told me to buy the entire Champagne country. He would back me for $500,000,000. He said that was the way to make a monopoly. The whole Champagne country was very small anyway. We were both ignorant babes. I came here and found 16,000 owners in that territory. Purchase was of course an impossibility.

"Later I arranged for the consolidation of the five leading wines, Moet & Chandon, Veuve Clicquot, Mumms, Pommery, and one other. Deaths followed and two out of the five were tied up in estates.

"I was busted in 1901 and 1903. Later got going again and I played it big. I had 560,000 shares of stock including 210,000 shares of Canadian Pacific bought around 120 and control of Tennessee Coal & Iron. Nobody knew I had these because I had learned to keep my mouth shut. I had fifty brokers' accounts all over the world.

"I had learned about Tennessee Coal & Iron from a Philadelphia lawyer and had bought it from 70 down to 22. It was then back to 97.

"I woke up early in the morning as was my custom when I was receiving cables and doing business all over the world. I said, as I reckoned up $38,000,000 in my fortune, 'I will sell this Tennessee Coal & Iron and I will sell it today.' I went down to Grant B. Schley[2] and told him I had the control of Tennessee Coal & Iron and that I was going to sell it that day. He laughed at me and said the Hanover Bank would never lose control.

"He arranged a pool of eleven. I sold control that afternoon at 3 P.M. at 115 for 225,000 shares. Oakleigh Thorne,[3] John W. Gates, Pratt of the Standard Oil, and others were in the pool.

[1] George Kessler, famous as a sport, high liver, and speculator. At his death his collection of fans was said to be worth more than $1,000,000.

[2] Parner, Moore & Schley from 1885. Brother-in-law of George F. Baker. Born, Chapinville, N. Y., 1845.

[3] Capitalist. Born, 1866, at New Hamburg, N. Y.

"I then bought all the minority stock, and of course was in the pool. At a meeting with them later, a dinner given by John W. Gates at the Waldorf, it was suggested that I might be a dangerous factor in the market able to create another Northern Pacific panic. I said I would guarantee to deliver my 110,000 minority stock at 170 if they would guarantee a support at 150 for it. They said, 'Yes.' Of course I had no writing. I took their word.

"After the pool had formed, I went on my own responsibility and offered the pool and my minority, a total of 345,000 shares, in writing to J. P. Morgan at 150. He recommended it to the Steel Corporation, but Gary and Frick said no, they would buy it at half the price and they did.

"They knew and I knew that Morgan knew the great value of that property. I believe that today it is the backbone of the United States Steel Corporation, but you will never see any report concerning what it is doing. There isn't a share outstanding.

"The panic came on and I was practically out of stocks, but Pratt took up his $50,000,000 in securities from Moore & Schley and I was called up for money on Tennessee Coal & Iron. There never was any quotation below 140. It was the only stock that stood up in the panic because we had it all. But they begged me to assent to the sale, and the result was that United States Steel paid $100 a share in four per cent bonds or practically $80 a share and now owns every share. I don't say the panic was made, but the panic was used to get this stock.

"United States Steel is the cheapest stock in the world. My wife has 10,000 shares and I have stock costing me $8.50.

"My fortune began with 50,000 shares of Steel preferred bought under $55 a share.

"I am now out of the market and have no ambition to return. I have the finest wife in the world and the most beautiful house and I am going to buy the loveliest villa in the south of France at Cannes.

"My house at Blois cost 25,000,000 to 30,000,000 francs. Morgan came to see it and stayed from eleven to four o'clock, which was hard on me as he never ate lunch and I never eat breakfast. He said it was the handsomest house in the world. I have the finest seventeenth-century tapestries in the world and

art and furniture but no pictures. Morgan offered me 15,000,000 francs for the place.

"I settled today with the representative of Grant B. Schley. We were partners many years and now I am out of all the guarantees that were given to J. P. Morgan years ago. Schley and I owned Howe Sound, the copper property, but I am now out of it and everything else we were partners in, and $5,000,000 ahead if they never give me another cent as one half the additional profits from it.

"I am free and clear and am the happiest man in the world tonight and I insist upon paying for the supper and you must drink with me this Moet & Chandon, 1906."

The American Spirit at Large

Battle Creek, Mich., February 7, 1920. Richardson [4] said:

"Edenborn,[5] one of the rich men of this country, probably worth $50,000,000, told me that he and John W. Gates were once the only manufacturers of barbed wire. When Gate's plant was burning down, Gates actually had the audacity to go to Edenborn and propose a consolidation. Edenborn said: 'Gates, your factory has burned. How dare you propose a consolidation?'

"Gates replied: 'That is just why I want a consolidation. You can now manufacture and I can sell.' 'I made the consolidation, for Gates was right. I could manufacture and he could sell.' "

Richardson said: "Edenborn is one of the three men who have built railroads in this country on a cash basis. He paralleled the T. & P. Captain Jones, a relative of Rockefeller's, built the Gulf road on a cash basis and the Flagler road [6] was built on a cash basis."

New York, April 7, 1920. Major Kidder [7] said:

"We must get together some evening with A. Barton Hepburn.[8] Some years ago Hepburn told me that one Hamm of

[4] Probably George T. Richardson, veteran newspaper man of Worcester, Mass.

[5] William Edenborn (1848-1896), capitalist. President La. Ry. & Navigation Co.

[6] Florida East Coast Ry., built by Henry M. Flagler (1830-1913). Original Standard Oil partner.

[7] We are unable to identify Major Kidder definitely.

[8] Alonzo B. Hepburn (1846-1922), chairman Chase National Bank, N. Y. Born, Colton, N. Y.

Mexico had invited him down there several times and he has also had some time an engagement to go shooting with me down at Tamassee and Tampico. He said he would be willing to go with me very soon. So we went. At Tampico we were met by Hamm, Limantour and General ——. They gave us the greatest dinner at Vera Cruz I had ever seen. Then we went out to buy Panama hats and selected some at $30. Up steps Hamm to Hepburn and said, 'Excuse me, but permit me.' And he presented Hepburn with the finest Panama hat I had ever seen costing over $100 in gold.

"Hepburn accepted and we went on to Mexico City. I could not get Hepburn to leave the City of Mexico, so at the end of the ten days he said, 'You go down to Tampico and I will join you later.' At the end of about three weeks he came to Tampico.

"About a year later, Hamm blew up and the Bank of Montreal was in for $7,000,000 in gold.

"I told Hepburn that I was sorry if he lost anything by Hamm. He said: 'Oh, no. The bank lost nothing.' Then he said: 'Major, I could not tell you down at Mexico City what I was after, but the Chase Bank formerly gave Hamm a credit of $250,000. Now when he presented me with that Panama hat I asked myself, "Why?" I am a rich man and worth a good deal more than Hamm and I stayed in the City of Mexico until I found out why. When I came back, we cut Hamm's credit to $150,000 and then to $50,000 and then later asked him to take up his account.'"

Yonkers, N. Y., November 27, 1920. After dinner we talked all the evening until 12:30 instead of going to the Club dance as planned. W. B. Thompson said:

"I have never sold a share of Sinclair and when it sold down this week under 25 (it touched 23½) I ordered all my sister's bonds, Cuba Cane preferred around 70 and other investments sold and the proceeds put into Sinclair. Last year and this year $37 a share cash has been put into Sinclair besides the proceeds from the $50,000,000 notes. There has $50,000,000 of earnings gone into the property this year and last year; $57,000,000 from the stock sold at 60 and $40,000,000 from the stock sold at 40.

"Sinclair is gaining all the time in stockholders and now has

23,000. I think Sinclair may have thought it necessary to sell some stock. He is going abroad now to tie up certain foreign ends. His scheme is to continue paying eight per cent dividends in stock. Sinclair needs to retain its cash. If it was in high credit, it could use $150,000,000 of money. But if it isn't in high credit, I am not sure but that it must earn its way through. With $150,000,000 of new expenditure, it could earn $100,000,000 a year. They report to me that with the Hammond interest Sinclair is the second largest producer in Mexico. Sinclair is going in very largely for lubricating oil. The profits from it are bigger. It pays better than gasoline.

"The talk of chorus girls on that Sinclair trip to Cuba is absurd. It was Whitney's yacht and Whitney would not have women on it and neither would Sinclair. Indeed the only chorus girls I heard of were at a dinner given us in Cuba and Sinclair declined to attend it.

"I have not heard of selling Sinclair to register losses. I don't need to do it because I made losses enough outside and sold my government bonds at a heavy loss and put the money into Sinclair.

"When you talked with me many months ago about the value of equities I changed my investments accordingly. But finally I concluded that Sinclair had the greatest equity of anything going.

"I have been for some years a buyer of bank shares and now own shares in nearly all the New York banks. I do not take an interest in them directly. People are hired to run them and they will make mistakes with their successes. I don't know what is going on except in a general way down in the street. Mr. Wiggin tells me that all the sore spots have been cleaned out and they know of nothing more hanging over the market.

"Will Hays had the machinery and campaign all laid out before Harding was nominated. The mistake Wilson made was in trying to unite the Democrats and Republicans in his western campaign to support his League of Nations. The Republicans sat in at the conferences and attended the meetings and then worked against the Democrats with a plan.

"Hays has a very bright mind, but does not work for the Republicans for any salary. He lives on his law business which is perhaps $10,000 or $12,000 a year. You, Barron, are the only

publisher as far as I know who contributed to this campaign. Only one director of the New York Central came forward with any contribution. The Democrats set up their machinery. We exposed it and then they did not dare to work to collect the money.

"The Federal Reserve banks should be out of politics. The advisory board should really govern on policy and rates.

"I wish you would think over a proper taxation program and give it to me.

"I was astonished at the change in Harding the last time I saw him, and you may be right that Coolidge may yet be President. I would like to meet Coolidge some time." I told him I hoped he would meet him with me at his friends, the Oakes,[9] in Brookline.

Thompson continued: "Why should the Federal Reserve Bank have private wires all over the country and talk daily by cable with the Bank of England? Washington is still overcrowded with unnecessary officials.

"William M. Wood came to me when I was putting through his common stock scheme and said I had made a good market in that and would I make one in the preferred stock. So we went in fifty-fifty on the preferred. When I found the stock coming to me from a certain source I asked Wood what it meant, and he said he thought it was all right for him to sell it as he was a joint buyer with me. I quickly closed out that transaction. The Woodward Brothers of Providence came to me at that time and wanted to get control of the American Woolen Company, and run it, but Wood went into the air and would not have it. I took no American Woolen underwriting this last time, although I said I would take it if it was necessary to help the Chase people."

At breakfast Sunday morning, W. B. T. said: "Davison is all in in Texas and it will be months before he recovers his health. They do not expect him back at the office for a good while. I think he was disappointed that more was not made of him when he returned to the United States. He was very welcome and much honored abroad.

"Lamont's support of Wilson is easily understood. Lamont got in with Wilson at Paris and wrote the financial part for

[9] Francis J. Oakes, president Oakes Mfg. Co.; director Brookline Trust Co. Engineer, Columbia University, '93.

Wilson's League of Nations and was more relied upon abroad in financial matters than was Barney Baruch. In fact Baruch, I hear, did not see much of Wilson in Europe.

"The United States government has spent $50,000,000 on secret service work since the Armistice."

En route, Boston to New York. June 21,1921. Timothy E. Byrnes said:

"I met Paderewski [10] at dinner. For two years he had been working in the United States, but had never seen the President or any member of the Cabinet or the Washington people or gotten anywhere to help Poland. We had some champagne together and loosened up to each other. He came down to Washington to see me and I said I would introduce him. He was surprised when he found out that I had never met those I proposed to introduce him to, said he never called upon a man without getting a letter of introduction to him.

"We saw Hitchcock, chairman of the House Committee on Foreign Relations, and Lodge, the Senate chairman. Both thought it would be a grand idea to have Paderewski appear before their committees.

"Weeks is one of the strongest men, I think, in the Cabinet. There is lack of leadership. Harding ought to take the people into his confidence every Monday morning and tell them what the problems are and make people think about them. Then we could get public sentiment in action. But Harding never was a leader and the Republican party will lose the House unless there is constructive and upbuilding legislation.

"I think New Haven shares will be wiped out and the company will have to forego its guarantees to Westchester, etc. It is going to be a struggle to earn its operating expenses. The New Haven is entitled to a better proportion of the through rate and Mellen was working to that end so that the New Haven could command a larger proportion and get it.

"Do you knew that the government had considered putting Mellen forward to straighten out this whole railroad situation? The government now sees that his policy was right. The Morgan people wrecked the New Haven when they threw over Mellen.

[10] Ignace Jan Paderewski, pianist; organized Polish Volunteers in America, 1917; premier of Poland, 1919. Born, Poland, 1860.

"Many people are putting their high-priced cars in storage and buying Fords. My boy is making $25,000 a year selling Fords and cannot get half enough. He can sell six a day but is only getting three.

"Harding's appointment of Harvey to London was not a good one. Harding would not be able to put over today that $25,000,000 payment to Colombia, but Harding had Congress with him at the start and they were willing to give him his way. Even Lodge was willing to yield to Harding on this although I think Lodge did not believe in it.

"The people are calling upon Harding to make good and he has got to stop handshaking and come down to constructive legislation.

"His remark that railroad rates would be reduced might have been good politics, but it was the most unfortunate utterance of his Administration thus far. He should have sand enough to call for an adjustment of wages."

New York, August 13, 1921.

Mr. Charles Norman Fay [11] stayed overnight with me. I was up until 1:30 A.M. talking.

Forgan, the Chicago banker's father, was the maker of golf clubs at St. Andrews and his older brother inherits the business.

Haskell [12] of Cleveland, who married a niece of Mark Hanna,[13] was one day talking with a representative of Goodrich [14] and telling him why his golf balls were no good, and the agent explained that the rubber in the center when covered with a hot compress would melt and solidify differently, so that the golf balls would be uneven. Haskell said: "Why don't you wind the center, then put your shell compress on that? You can wind it evenly with rubber or anything else."

Fay said: "A few days afterward Haskell was called up from Akron by his friend, who said: 'I have been thinking over what you suggest. If you will go down to see our lawyers in Cleveland and put your ideas into shape, we will pay the expense of taking out a patent and give you ten per cent royalty.'

[11] President Chicago Gas Trust Co., 1887-89; Remington-Sholes, 1896-1909; author of books on business and government. Born, 1848.

[12] The late Coburn Haskell who married Gertrude, daughter of H. H. Hanna, brother of Mark Hanna.

[13] Marcus A. Hanna, founder M. A. Hanna & Co., Cleveland; U. S. Senator from Ohio, 1897-1904. Managed President McKinley's campaigns.

[14] Goodrich Rubber Company, Akron, Ohio.

"This cost perhaps thirty minutes' work, and he told me later, I think about 1903, that his royalties amounted the previous year to $30,000. Haskell is a trademark and around it I think has been built a golf ball trust."

Battle Creek, Mich., November 3, 1922. William J. Matheson said:

"I retired from business before the war. For forty years I worked and studied nights to keep abreast of the times in chemistry. I could manufacture in Germany cheaper than here, but when the war broke out my imports were cut off and my staff of three hundred men were costing me $1,000 a day, but I kept them in order to place them in good locations.

"The government appealed to me to come back into the chemical line, as I was the only man in the country that knew all that could be known at that time about aniline dyes and the chemistry connected therewith.

"It was a patriotic duty for me, of course, to go back and I did with the result you see in loss of health which has brought me here. Nevertheless, it was a duty. I summoned all my experts back and they fell right into line in perfect unison and I took charge of the war work. When the war ended I was producing forty to fifty tons of mustard gas a day beside tear gas and other gases.

"Sir William Henry Perkin [15] of England was the discoverer of aniline dyes. He started at eighteen years of age experimenting and while he was looking for synthetic quinine he discovered Perkin's mauve violet dye and that was the beginning. I knew him very well and have half of the first piece of silk he colored with aniline dye.

"I went to the New York Starch Company along with the S. O. people. I had a chemist who wanted to make starch and Bedford [16] said he would go in if I went in. Then the S. O. people insisted that I should take a larger interest and they advanced me the money. We started the New York Starch Company up the North River, grinding first 15,000 bushels a day and then extended to 25,000 bushels a day. As the Corn Products Company was then grinding 75,000 bushels daily something had to give way. We accumulated cash and they

[15] Decorated by Germany, France, and Great Britain for his services to science and the arts.

[16] (1838-1907.) Then head of Standard Oil of New Jersey.

accumulated losses. We took them over and placed the whole business in charge of our experts, although we used their name —Corn Products—in the reorganization. We discharged all their experts, technical men, managers, etc., and saved time by the reorganization.

"At one time I was the only man on the Executive Committee who was not a S. O. director, but they all sold out except Bedford and now not more than fifteen per cent of the stock is owned by the management. The Wall Street holders continue to threaten us if we don't increase the dividend. I think we shall pay seven per cent before we pay eight per cent. We own factories in Canada, Great Britain, and four in Germany.

"Wiley [17] came near wrecking us. I was told if I gave his brother a $50,000 retainer the government order, which Wiley had prepared, forcing us to change the name of Karo or Corn syrup to glucose, would not be issued. Wiley had absolute power over all such things and the circular was printed and order about to be issued. There was only one person that could stop Wiley and that was the President.[18] I had known Roosevelt for years. I went straight to him at the White House. He told me to put the facts in simple language without technicalities. Then he sent for Wiley and held up a bottle of Karo and said: 'Wiley, is this a syrup or isn't it? Tell me, yes or no.' Wiley at first hesitated and then said 'Yes.' Then said Roosevelt, 'If that is a syrup, you need not issue the order to change its name.'

"Bedford has an unfortunate way of talking bearish on Corn Products. But it has one of the greatest futures of any company in the world.

"There were so many conflicting interests in the chemical industry that I told the Hazards of Providence [19] and Eugene Meyer, Jr., backing Dr. Beckers [20] and the Barrett Company, [21] that the only way to adjust matters was by a combination, putting everything into one company, as they are all owners in the National Aniline Company. The funny part

[17] Harvey W. Wiley, chief chemist, U. S. Dept. of Agriculture, 1883-1912. Born, Kent, Ind., 1844; died, 1930.

[18] 26th Pres. of the U. S. (1858-1919).

[19] And of Peacedale, R. I. F. R. Hazard founded the Solvay Process Co. of Syracuse, N. Y., merged into the Allied Chemical & Dye Corp. after his death.

[20] William C. Beckers, founder Beckers' Aniline & Chem. Works. Director Allied Chem. Born, Germany, 1874.

[21] Manufacturers of roofing materials, etc., Philadelphia, Pa.

was, after struggling over the matter, they came together and left out the National Aniline Company, in which I was interested. But the second funny part was they could not operate and had to come back to us. Now the thing is a rounded-out proposition.

"Nichols [22] of the Nichols Chemical Company wanted to be president and chairman of the Board, but he was too slow. In the chemical arts you must make very quick decisions."

The Sorrows of Schatzkin

New York, April 9, 1920.

Schatzkin [23] with Mr. —— of J. S. Bache & Company called upon me at about 3:45 at the Ritz-Carlton today. Their appointment was 3:15 and they remained until 6:45. They wanted to talk Vivaudou earnings, but I started Schatzkin on his history.

He is fifty-six years old; left Russia in '88; knew then only Russian, Polish and German. First in this country he sold coal for Burns Bros. on a commission basis, and then he went into the coal business for himself but could not make a go of it. He closed out with some debts which he has since paid. When he had money be bought stocks on a margin and the brokers sold them and he footed the bills. He bought on knowledge and they sold on losses.

Then he concluded that he had better have some stocks of his own and deal in these. Burns Brothers was a consolidation of three small concerns but without a market. There was some stock at 55 or 65 kicking about and one day Lewisohn Brothers took hold of it and in a jiffy the stock was 72 up to 90 and then disappeared. Schatzkin took hold of it and made a market in it. Burns Brothers bought and sold coal at the same price as other dealers and while other dealers lost money, Burns Brothers made money because of their larger business and greater efficiency. Schatzkin says management is everything in such a business.

Schatzkin said that in looking around to get hold of business to build it up, he ran across Mack Trucks which had a good

[22] Probably William H. Nichols, president Nichols Copper Co., 1890-1918; chairman Allied Chem. & Dye Corp. after the merger. Died, 1930.

[23] Samuel M. Schatzkin, formerly a very considerable operator in stocks.

selling organization but no capital. At first it was a truck a month, then a truck a week and then a truck a day and then several a day, but still no money. The Sauer Truck was backed by Monell, Lamont, and other rich men and was all money. Cooper Hewitt had a truck with a good engine.

Schatzkin says: "When the ice company went into the coal business, I started Burns Brothers in the ice business and we cleaned them out. Later I got hold of the Louisiana Oil Company and then the Invincible Oil Company. The latter bought up substantially all of the Louisiana Oil. I cannot follow details but I go in for efficiency and fight to get it. I love trouble and am ready to fight. When there is no more trouble or fight I have no more interest.

"The Invincible Oil Company owns ninety-three per cent of Louisiana Oil Company, and is shipping 16,000 barrels of oil a day, most of it Louisiana. Louisiana was brought out at $2 a share. Later it was a good company but had no market. There might be any old price on the stock. I bought an option from the directors for 20,000 shares at prices from 10 to 20 and an option on 20,000 from the company's treasury at 22.

"I organized the United States Distributing Company which I think can save seventy cents a ton by owning coal mines. It has already bought three or four and is distributing coal to the consumers, cutting out the middle man. Thayer of the Chase, Peabody of Chicago,[24] Murphy,[25] Gibson,[26] Ward [27] of the Irving Bank and other bankers are in it.

"I was not in the perfumery business, but ran across Vivaudou [28] who owned one third of the Vivaudou company, and the drug company owned the two thirds. We are now building a factory up in the Bronx and will put three factories into one to promote efficiency and the business will be doubled the next three months.

[24] Augustine S. Peabody. President Peabody, Houghteling & Co. Born, Chicago, 1813.

[25] Probably Grayson M-P Murphy of G. M. P. Murphy & Co., N. Y.

[26] Harvey D. Gibson, chairman of the Executive Committee N. Y. Trust Co. Born, North Conway, N. H., 1882.

[27] Harry E. Ward, president American Exchange Irving Trust Co. since 1919. Born, New Haven, Conn., 1879.

[28] Victor Vivaudou was formerly president of Vivaudou, Inc., from which he resigned Oct. 4, 1924, when Thomas J. McHugh was elected in his stead. In the N. Y. *Sun* of Aug. 28, 1925, he is reported as bringing suit against Jules S. Bache & Co., David A. Schulte, and James R. Harbeck for $550,000 on a stock deal involving 50,000 shares of Vivaudou. V. Vivaudou, Inc., merged Dec. 15, 1928, with American Druggists Syndicate and King-Scheever Co. into Vadsco Sales Corp. Born in France.

"We have about 85,000 square feet in a factory in Paris and the whole business of Delletrex of France. We paid United Drug Company about $2,700,000. They wouldn't sell except for $2,000,000 and the excess profits tax of $700,000. We made them out a check and they paid the government. We made a new company; had 150,000 shares underwritten at 26½ and sold to the public at 31. One and a half per cent was allowed the vendors by the underwriters so that the underwriters got three per cent; Vivaudou and the underwriters and bankers and vendors took the other 150,000 shares. Out of stock sold to the public there was paid the underwriters commission, $2,700,000 that went to the United Drug Company, and the balance about $1,300,000 for cash with the new company, and out of this cash we bought the Paris concern and have now nearly $1,000,000 cash left.

"The *Boston News Bureau* started an outcry against this stock and the New York *American* hammered away on it for a week and the New York Stock Exchange gave a very wrong ruling. They declared it was against the policy of the Exchange to over-allot stock or have the promoters go short of it. We are now trying to have our stock listed by the Exchange and we hope to get it on the exchange in two months."

I said: "I love a fight. We have not mentioned Vivaudou because these figures stare us in the face. If the United Drug got $2,000,000 for its two-thirds, Vivaudou may be assumed to have gotten his one third or one million; and three millions was the full value of Viavaudou, Inc., or $10 a share for the 300,000 shares plus what might go into the treasury which for 300,000 shares was about $4 a share. In other words, you sold $15 worth of property to the public for $31 and now it sells at 16. I have always had my doubts as to the correctness of the New York Stock Exchange ruling and cannot yet see why promoters should not go short of the stock at above subscription price to hold it down and prevent a boom."

Schatzkin said: "We conferred with six leading banking houses and they all told us that on promotions they over-allotted or went short in the market to sustain the price. The singular fact was that we did over-allot this stock which we thought was perfectly proper but the stock we over-allotted we bought

back at around 33 or at a higher price than we sold it for and lost money. We did not make money on the decline in the stock. 32¼ was high for the stock and 16 low in January. It is now about 20. The net profit to the underwriters was $3.

"Vivaudou had an option on this Paris business for $250,000 and after we have bought that there will be less than $1,000,000 in the treasury."

I said: "The public put up the money to buy two-thirds of Vivaudou and put $1,300,000 in the treasury and they got not two-thirds of Vivaudou or something to show for the money they put in the treasury, but they got nothing for their money and only one-half of the stock.

"I have to sit here and pass judgment as to whether an enterprise we call attention to will justify investment attention five years from now. I do not care about earnings on Viavaudou. Vivaudou represents the acme of luxury in boom times. I have to find substantial values on which we can talk to investors and show asset values when the hard times come as they are sure to come. I don't think the United Drug Company got $2,000,000 cash for its two-thirds interest in Vivaudou, but whatever they delivered had mighty little of asset value outside of good will and trademarks; and when the good will flits out of perfume and the inflation is out of these times, I don't want anybody coming to me with the discussion of asset values under Vivaudou where the public puts up the money for the whole treasury and the development and for two-thirds of the stock on a high valuation and only gets one-half the shares in the end.

"If you want me to tell the whole truth about Vivaudou, although I see no reason why I should talk about it, I will try and sit down with you when I return from Battle Creek and tell the whole story, but I won't tell anything unless I tell every fact. If you can stand that, I'll write the story as plain cold facts."

Schatzkin said: "How about United Cigars and other things? Can they show asset values?"

I said: "I can show asset values for them. United Cigars sold recently at over $60,000,000 and I showed the asset value as about $15,000,000. When the public understands asset value

and what they are buying I have no objection to the public's putting any price it pleases upon good will, provided they understand all the facts."

Would I notify them when I return?

I said: "I don't make engagements and I don't like to have people know when I go away, but you can quietly find out when I return and chase me and I will try to give you another hearing. If you like a fight, so do I. I haven't any on hand now and am open for one. I don't care anything about earnings of Vivaudou. It is values and the facts that I am after if I am called upon to quote and discuss a stock."

Schatzkin said: "My mother used to say to me: 'When two men tell you you are drunk, you go home and go to bed.' Now, I have been assaulted and assailed and if I am drunk I want to go to bed. If I have done wrong I am willing to be exposed. If I am a constructor and upbuilder, I want you to know about me. That is why I come to you and I am glad to have learned the principles on which you do business. I ought to have come to you before. I want to know just why you discriminate against my enterprises. I want you to know more about the Farrell Coal Company, and the earnings of Vivaudou. We don't get any good word from you. When we send over an item to Dow, Jones & Company it is scrutinized and perhaps a line or two of fact may be published about it. We don't want to be under the ban. Will you send an auditor? We will pay the expenses. Will you look into our properties and state the facts about them?"

I said: "I can send you no auditor and give you no reporter. I have to pass upon these things myself because the future of our business and the life of our enterprise is in clear judgment as to what we shall talk about and when we shall talk about it. There are good things that we know nothing about, but we propose to know the facts of the things that we elect to talk about. Doheny and the Mexican Petroleum Company were just as good before I investigated as afterward, but Doheny did not get much publicity through Dow, Jones & Company even though he hired an expensive press agent, because we did not know about them. But I investigated it and investigated Doheny and I endorsed them both and put them on the map. Sinclair chased me for years but I saw he could get nowhere unless he had more than $100,000,000 of new capital. Now

that he is getting his new capital by the $50,000,000 chunks, I am chasing him and I think his enterprise will make good.

"But, I don't make or unmake enterprises. I only decide what enterprises we will give a chance to unmake Dow, Jones & Company and *The Wall Street Journal,* for if we call investment attention to enterprises that do not make good or go wrong, five years afterwards we are the sufferers."

Up and Down With AGWI

(Atlantic, Gulf & West Indies Steamship Lines)

May 20, 1920. At India House [29] with the president [30] of the Atlantic Gulf & West Indies, who said:

"Galen Stone is being overworked and we must go lightly with him now. He is chairman of the Board and takes as much interest as ever. But he has too many irons in the fire. Atlantic Gulf & West Indies owns fifty-five per cent of the Atlantic Gulf Oil Corporation which we got for nothing except putting up $5,000,000 of capital which will be paid back to us principal and interest.

"Atlantic Gulf Oil Corporation has 200,000 shares and some of the minority interests are making a market for it on the Curb at $85 a share. I don't know that I would recommend it at this price which is $17,000,000 for the property.

"We have four wells capped in and have just made our first shipment. One of the wells to the south is estimated at 40,000, one at 100,000 barrels, and one at 200,000. The last well further to the north is 75,000 barrels per day estimated capacity.

"I think we have made our first shipment and got a little more than $1 per barrel for the oil. It is twenty-two gravity and is the best light oil in Mexico. Our forty-five mile pipe line will have a capacity for 80,000 barrels a day. We expect to have a settlement with the Mexican government on what is due us soon, but I think the truth is that the government has not the money to pay us."

New York, October 19, 1920. Judge Mayer said:

"Monks [31] was fired by Harriman. Peabody Gardner [32] of

[29] A downtown New York lunch club.

[30] Alexander R. Nicol.

[31] Lester H. Monks of Monks, Goodwin & Shaw.

[32] George Peabody Gardner, Jr., chairman Wilson-Jones; vice-president Coastwise Transportation Co. Born, Boston, 1888.

Boston also got out although he had $3,500,000 by himself and associated in with Harriman.[33] Harriman has only $1,500,000 of his own money in his steamship enterprise. Chandler Brothers of Philadelphia have $10,500,000 and the Ship & Commerce with their friends about $14,000,000.

"Harriman and my boy[34] were together for two or three hours today upstairs. My boy has a great brain and I want you to talk with him some time. Harriman has been laying things on the table before him.

"I am tired and want to get out. I can throw away all my steamship interests and still be worth $5,000,000. When I reckon values, I only reckon what I have cash in the bank. Cochrane & Harper[35] wanted to give that navy contract over to me. Cochrane's father left $5,000,000, but what was that among several children?

"The Invincible Oil Company is good. I am producing 50,000 barrels of oil a day in Mexico and you never hear a word about it. I have a contract under which I am selling 5,000,000 barrels a year to the Standard Oil of New Jersey out of which I make no money, but I am also selling 3,000,000 barrels to the Sinclair Company a year, delivered to the Houston Ship Canal in Texas, and I make a dollar a barrel from this. I paid $750,000 for two oak ships built at Bath for the Shipping Board and one big tug. Across the gulf these do the work of $2,000,000 in tankers. I tried white pine ships built in the South, but they were no good. Oak ships built at Bath are all right for oil tankers.

"I am also selling 3,000,000 a year to Doheny and in all about 15,000,000 barrels a year.

"I could have succeeded Harriman.[36] I helped make his fortune. I delivered Addicks[37] and the gas field in Boston over to the Standard Oil. Parker Chandler who was Lawson's lawyer said he could have strangled me, but as I had been a gentleman sport, would I come up and eat a duck with him now that I had won?

[33] W. Averill Harriman of W. A. Harriman & Co.

[34] Francis R. Mayer, president U. S. Mail S. S. Co., until Aug. 3, 1921. Commodore Atlantic Yacht Club, 1920.

[35] Cochrane, Harper & Co. was formed March 1, 1917, in Boston and liquidated exactly six years later. Firm members were F. D. Cochrane, R. M. H. Harper, and John B. Shearer.

[36] E. H. Harriman of Union Pacific R. R.

[37] John E. Addicks (1841-1919). Capitalist, Wilmington, Del. Organized Bay State Gas Co., Boston, 1884.

"Tim Byrnes will work only two days a week. I asked him today when his family was coming over to New York. He said next week. If he worked as you and I do, seven days a week and nights, he would be a great man. But he is not built that way.

"I get $50 a ton transporting oil to Europe for the American navy. I am offered a five-year contract with France at $25 a ton for delivery of oil at St. Nazaire.

"Young Harriman has had bad advisers, but he did not do badly in paying for Hawaiian Steamship Company stock with American Ship & Commerce stock at 27. It is now about ten points lower.

"Today I fired the third navy captain that had been recommended to me by Admiral Benson. The rum aboard the ship was not fully protected. I am tired of these naval men in business.

"I could recondition the *Leviathan* for $4,500,000. I have bought the furniture for the *George Washington* in Germany and can fit her up and put her in commission any time, but do not propose to until next March. There is no passenger business now and freight rates are not being cut very much."

On train to Boston. December 2, 1921.

Spent two hours with Galen Stone in the dining car. He said he was fifty-nine years old and wondered that I was looking so young.

"I never expected to put more than $3,000,000 into that oil venture in Mexico for the Agwi. I was taken ill and when I recovered I was astounded to find that Nicol's plans called for and expenditure of $65,000,000—$15,000,000 of which was to be in France, and Berwind and the English fuel people were crazy over the great opportunities there. I did not have to consider these great opportunities. I decreed that we had not the money for it; if we had had the money we should probably have spent the whole $65,000,000 and been worse off. I wrote it off with a loss of between $2,500,000 and $3,000,000. We may get out on your estimate of $45,000,000 expenditure of which $35,000,000 is in tankers at $200 a ton."

Saratoga Springs, September 1, 1921. E. Clarence Jones said:

"I have sold out my Agwi at a loss of many millions. I sold it at 60 and am now short. Agwi has got to settle with the

government, which claims $8,000,000 or $9,000,000 taxes for the years 1916 and 1917. They made $4,500,000 a year charge-off that the government will not allow."

En route Boston to New York, June 21, 1921. Timothy E. Byrnes says:

"Judge Mayer was worth about $15,000,000 when I went with him. I advised him and his son to clean up and get $12,000,000 or $14,000,000 cash and they could have done it, but the Judge said his life's ambition was a transatlantic steamship line. Now I do not know that they can clean up anything. Shipping has declined seventy-five per cent instead of twenty-five per cent as I calculated.

"I am going down to Washington because we are willing to operate the *America* and *George Washington* in partnership with the government. Conditions have changed since we made the contract. There should be some relief. Laws have been passed stopping our bringing over emigrants which was a very valuable business.

"We put $20,000,000 into tankers getting $12,000,000 from the government because the government canceled its shipping contract on the Pacific Coast and then found they owed the man $1,500,000 instead of him owing them. So he proposed to build tankers instead of carrying out the building contracted for and we thought we were doing a good business to get these tankers at $200 a ton. They probably could not be sold for $150 today. The Atlantic Gulf has gone broke on this shipping business. They contracted for tankers at over $200 a ton and then sold them to the Standard Oil at $125. This is what makes Galen's health poor."

Rome, March 24, 1923. Galen L. Stone says:

"I don't know if the Atlantic Gulf has yet settled with the government on taxes. It ought not to pay anything. The Gulf Company put its profits into steamships as the government desired. Now it has passed a law permitting exactly what the Agwi did.

"The government disputes our charge-off on the tankers, but we saw the thing coming and charged off. The government cannot collect a large amount. If it attempts it, it will bankrupt the company. We lost $20,000,000—perhaps $25,000,000

in tankers. We are ahead in England; the loss in France is not over $3,000,000. In Mexico we lost a few million, but our total investment there has not been above $5,000,000. The Eastern Steamship Company has bought the Old Dominion Line and now operates to Norfolk. The Agwi could not buy it because it was a competitive line.

"Agwi must buy more ships for its business is developing."

Certain English Gentlemen

New York, February 24, 1920. Philip Runciman[38] said:

"When the Lord Chamberlain told Leverhulme he could take his title from his estates but could not put his trade names into his title he replied: 'My name is Lever and my wife's name was Hulme. She was always my best partner. Although she is dead, her name shall be respected and my title is Leverhulme or you can take back the damned old title.'

"The big house upon the hill above Leverhulme is Jack Straw's castle where all the pugilists train.

"Leverhulme proposed to his laborers to take them into a partnership scheme but the labor unions would not permit it. The labor union demands equality and of course would lose membership when laborers were taken into partnership. We never have panics in England.

"I can borrow all the money I want within a fraction of the bank rate and carry stocks or anything else. I believe the Bank of England has one-half of all the gold money in England, but there is a lot of gold stored away in stockings in England."

S. S. Olympic, May 7, 1921. P. A. S. Franklin said:

"John Ellerman told me in 1916 he was the richest man in England. I have since heard that he was worth £55,000,000. He made an arrangement with the tax people to pay so much in 1916, twice that in 1917, and one and a half times that in 1918.

"Astor arranged with the tax people also. They said to him: 'You can't stand to be taxed on both sides of the Atlantic, each side taking more than half your income. You must either go back to the States or sell out in the States. We do not want

[38] Cousin of Walter Runciman, British statesman. The Runcimans are shipbuilders at Newcastle-on-Tyne.

you to do either. Now you get so much income in the United States and have so much left. Suppose we take such a part of what there is left.' And Astor agreed." (J. H. Thomas told me later that no arrangements had been made with Astor of that kind. Whatever there is left after he pays his taxes in the U. S., he pays in Great Britain in his tax and super tax 11s. 6d. in the pound.)

New York, April 24, 1923.

Met Lord Cowdray at the St. Regis at 9:35. He said he and Lady Cowdray had been over the Continent the past six weeks, were tremendously impressed with the Grand Canyon of the Colorado and the cleanness of Los Angeles. Spent two days in Monterey, two at San Francisco; visited Seattle, Tacoma, and western Canada. Cowdray said:

"I know something of big enterprises myself, but I was astounded at what has been accomplished in sixty years on this Continent.

"Hughes has made a beginning for a settlement with Mexico, but only a beginning.

"I have not sold any Mexican Eagle shares in three years. There is something more than money in this world and that is reputation and honor. But Mexican Eagle shares are now dirt cheap. The trouble is the ownership, after I sold out, was not rightly placed. People bought shares who had no business to buy them and were unable to respond when the banks asked for cover; hence the low price. The decline of the output in Mexican Eagle was first due to troubles in the country and next to wrong judgment as to reserves underground. In several territories held in reserve they have been unable yet to find the oil.

"I have great hopes at Tehuantepec where I began operations years ago. There are many salt domes there in ground similar to where the Royal Dutch got such a large production in Rumania. But the sands are very deep and we are having trouble in the drilling. The oil is very good—thirty per cent gasoline and kerosene.

"I went to California on a pleasure trip, but noticed that the oil development there is wonderful. The Royal Dutch have large interests in new fields near Los Angeles, but there is overproduction. The trouble is to get anything for the oil there.

"I did not go out on business, or for the Royal Dutch. When I am managing a property I am the head of it.

"Lord Iveagh is certainly the richest man in England, but his income is not as much as £5,000,000 per annum. I suppose I might rank up pretty well next to him.

"Lord Pirrie ranks up very well and Sir John Ellerman is worth £20,000,000 to £30,000,000. He accumulates and never spends. His interest could not have been large in the *Times* for Northcliffe represented eighty per cent.

"I suppose I am a good spender for I am putting up for the party.

"The *Westminster Gazette* is now a morning paper and Spender [39] is a regular contributor, but no longer the editor. Altogether I represent in the newspaper world a circulation (morning) of 700,000 daily and 300,000 weekly, for we have more than the *Westminster Gazette*."

Lord Cowdray said: "I agree with you that the Dover Tunnel should be built. The military party can certainly offer no objections now that long-range guns and airplanes can so readily reach England."

A Canadian Tale

Chicago, June 8, 1920. Lunched at the Blackstone with Sir Charles Ross [40] who said:

"I started with a handicap of $50,000 a year to pay family indebtedness. For more than twenty years I earned it and paid it. I had a contract with the Canadian government to manufacture rifles for them and I made from $125,000 to $250,000 a year. Canada was my business address, but my home was in Scotland as it is now.

"I found that the cartridges manufactured for the first 20,000 troops to go overseas would not work either in the machine guns or my rifles. I was told it was none of my business when I complained at headquarters. I threw my uniform out of the car window, changed my clothes, and jumped over

[39] J. A. Spender; see his memoirs, *Life, Journalism and Politics*, for the story of his long and exquisitely honorable newspaper career.

[40] 9th Baronet. Inventor of Canadian service rifle; consulting adviser on small arms to Canadian government. Member American Society of Mechanical Engineers. Resides Balanagowan Castle, Kildary, Ross-shire. Born, Scotland, 1872.

the border and took a train for New York and a steamer for London, cabling Kitchener [41] not to use any troops in action until he heard from me. I saw the Germans coming through any gap held by the Canadians with nothing but rifle clubs in their hands. The Canadians were put on Salisbury plain training and cartridges were furnished that would work. But somebody pulled the breeches out of the Canadian rifles and burned them. Canada has never instituted an inquiry, and Canadian troops were not under British orders until they got into the war area.

"When I am strong enough politically, I will have inquiry made. That will be only when I can command a firing squad. Of course I know the dirty attacks that were made on me that I could not answer.

"There were only four people on the North American Continent when the war broke out that understood the making of military rifles. Kitchener wanted me to promise guns in 1915 for delivery in June, 1916. I was offered a $35,000,000 contract. I refused it and said he could get no guns from anybody this side of the water in 1916 and very few in 1917. It turned out as I said.

"I did not make any money out of the war contracts, but I am the only man who took gun contracts and did not fail. Of the four men who understood details of gun making under war contracts and military specifications I was the only one who understood the financial basis of it.

"I showed Kitchener that he could not get the rifles he expected and that he must shorten the Russian front whatever were the promises for Russian rifles from America. He started for Russia to straighten that Russian front and reduce its length, and went down in the ocean, nobody knows how or why."

Zaharoff—Europe's Man of Mystery

New York, September 23, 1921. E. L. Doheny said:

"Zaharoff of Paris was interested in our enterprise. It was his capital that sent the first airship over the ocean. Zaharoff is a nobleman of England, a citizen of France, a Greek by birth,

[41] Horatio Herbert, Earl Kitchener of Khartum (1850-1916). British Field Marshal with long military record in Egypt and South Africa. Sec. of State for war, 1914-16. Born, Ballylongford, Ireland; drowned in North Sea while en route to Russia.

and for a time lived in Russia a citizen of that country. Zaharoff financed Venezuela and prevented Greece from joining the Germans. In the same way he saved Italy to the allies."

Paris, March 26, 1923.

At six-thirty Bunau-Varilla's motor left me at 53 Ave. Hoche and after five minutes in the drawing-room of Sir Basil Zaharoff [42] admiring his beautiful paintings by Boucher, 1703-1770, he took me into his library and I looked out to admire his flowers running in a gallery around his garden. He said, "Wait a moment," and turned out the lights in the library and turned on the lights in the garden, and the flowers were most beautiful—some wonderful yellow lilacs, the like of which I had never seen before. He said, "The birds come down in quantities and shake those lilacs and catch the falling seeds before they touch the ground." Then we returned to the library and he said:

"The world is in very bad shape. Two signatures could fix everything aright. Let Great Britain and the United States—and the United States is the big fellow—declare and sign that they would protect the frontier of France and the world would disarm. There would be no further need for arms or armament. What a pity it is not done."

I said, "There is an overruling providence that plans such matters and we are never permitted to see that providence or the future or we would lose our freedom in thought and action."

He said, "I am not a religious man, but I believe in a God and I am glad that you do."

I told him that we all over-ate. I told him also of Kellogg [43] and Battle Creek, and he expressed several times admiration for my eyes and color and my abundant health and kept tapping wood, saying, "It costs nothing to tap wood."

I told him of Mr. and Mrs. William Boyce Thompson. He remembered that Thompson [44] was with the mission in Russia and what he had done there. I told him of Thompson's political work and started to tell him something about Mellen and Morgan when he asked if Mellen was the man who was secre-

[42] *Qui Êtes-Vous?* lists four French residences for Sir Basil, and says he was born at Mongla, Turkey, in 1849.

[43] Dr. John H. Kellogg, founder and head of Battle Creek Sanitorium.

[44] William Boyce Thompson headed the American Red Cross Mission to Russia in 1917.

tary of the Treasury, and I said, "No, not that Mellon. That Mellon is only worth $500,000,000 but of course that is nothing to you—the richest man in the world." He said playfully: "How do they know? I will tell you something. Nobody has ever counted it. As a matter of fact I have not increased my fortune for twenty-seven years. I give it all away. Wealth is a burden and I intend to die poor. I don't have a penny left over any year."

As we discussed weights and health he told me the story of Balzac who entered the theater late while the play was going on and annoyed people with his big paunch crowding by so that a man swore at him. Between the acts Balzac [45] approached the man and said, "Why did you swear at me? I can't help my size." "You can help it," said the man. "You drink a lot of water and other things and that swells you up. If you stop drinking you would reduce." So Balzac took the advice and stopped his drinking of water and liquids and lost his paunch.

He wanted to know about Battle Creek and how much water I drank. I told him many quarts a day and that I kept my health by drinking water, especially charged water like Perrier, and told him about my digestion and the effect of water, and that Battle Creek was the only place where you could lose weight and increase your strength at the same time. And that they believed in water and not in meat, fish, coffee, tea, wines, or tobacco. He said, "I was wonderful in health," when I told him I weighed over 300 pounds, etc.

We spoke of aviation. He said: "Many years ago before anybody had flown I founded three chairs of aviation—Paris, London, and St. Petersburg—and gave 1,000,000 francs to that work. We do everything by notary here and the notary who fixed the stamps to the documents went to my sister and said I ought to be taken care of by the authorities. I went to Sir Henry Campbell-Bannerman [47] in London and told him what I was to do in aviation; that there would be a great war in France and that aviation must play its part and that France, England, and Russia would be Allies in that war. He called for a servant and then asked the servant to open the window, although it was in June. He said: 'You must be very warm. I think you are overheated.'

[45] Honoré de Balzac (1799-1850); French novelist.
[47] Scots statesman (1836-1908). British Prime Minister, 1905-8.

"Yet of the people who passed through my chairs of aviation they perished in the war only to the extent of ten per cent of the other people who had not been thus trained."

I asked him about the Greeks and said they had new uniforms and new rifles.

He said, "Three times I have spent a fortune in memory of my sacred mother trying to help the Greeks, and every time I have been near to success and the Greeks themselves have failed me."

He said: "At the request of the Allies the Greeks are keeping 140,000 men on the frontier of Thrace so that if the Turks don't behave themselves there will be somebody there.

"As to what I am doing or may be doing," he said, "I no longer tell anybody.

"Lloyd George is a very untruthful man. He is the antithesis of Poincaré, and will not write as does Poincaré because he cannot afford to put down on paper; it might not look well in the future, while Poincaré can put it down on paper and have it stand. George is a trickster and must do his work by words and not by writing."

He said: "You have a very good man who is president of the Chase Bank. I talked with him last year at the house of Tuckibus (Edward Tuck). He told me, 'We have two kinds of men to whom we loan money. One man who owes us money we always press. We know that is the only way to get it. But another man who owes us money we loan him more, knowing his business will be successful in time and that he will finally pay us.'

"We should seek to make Germany prosperous so that she may pay us and she should have time to get on her feet.

"I asked Klotz,[48] who used to be our Finance Minister, how it was coming out, for I believe it is only a question of time when Germany yields. I have talked with Klotz three times. Klotz said, 'We have to feed our soldiers and clothe them whether they are in Germany or in France and at the most the army there cannot cost us more than forty per cent above what it would cost us at home—perhaps in all it may cost us 800,000 francs a day.' Indeed Klotz tells me France can afford it if it is 1,000,000 francs a day.

[48] Louis Lucien Klotz; French lawyer; various government posts. Four times Minister of Finance.

"I want you to write me," (he said this several times) and added, "I will always answer you. I have learned more from you this afternoon than you have learned from me." He said this several times and made me promise I would write him.

"I thank you for sending me your writings and papers. I always read them. You never have a superfluous word."

J. Ridgeley Carter at 4:15 at Morgan, Harjes & Company said: "Zaharoff is a client of ours and is worth perhaps $150,000,000. He made money in Constantinople, has his capital liquid, and is very useful to do things for nations that they cannot well do for themselves. He was very useful during the war to France, England, and Greece.

"He was born in Odessa. With Lloyd George he put the Greeks into the late war against the Turks. England was to have the lion's share and control in Constantinople."

Paris, March 27, 1923. Bunau-Varilla [49] said:

"Zaharoff made his first money by an armor plate combination between Vickers and the other manufacturers. The Vickers were satisfied with ten per cent on their investment and Zaharoff was to have all that was made above that and the sum became enormous."

Le Matin a year ago attacked Zaharoff very bitterly as being the man behind Lloyd George.

[49] Bunau-Varilla is part owner of *Le Matin.*

Chapter Twenty-six

DESCENDING CURTAIN

Again C. W. B. sought the sunny beaches and well-stocked waters of Florida. He angled after two varieties of game—fish in whose capture he delighted for their own sake; and generous gentlemen whom he could separate from contributions to Coolidge Fund for the Clarke Institute for the Deaf. One of his great and last admirations was Mrs. Coolidge, the gracious lady of the White House, who had taught in Clarke Institute. He considered that a grateful country could render her no finer compliment than that of endowing that useful institution beyond all need for further pinch-penny budgets. Accordingly he stalked the rich for gifts all up and down the Atlantic coast, from Miami to Bar Harbor, raising $2,000,000. He went thoroughly into the work of the school and the whole question of deafness as well; contributors need have no regrets.

However, toward the end of the campaign it was rather a forced march for a man who had earned a rest but did not know how to take it. Hardly had he completed his canvass of the wealthier resorters on the Maine coast than C. W. B. knew he was in for another wrestle at Battle Creek. There he hurried in September. The reader will find Dr. Kellogg cheering him with a prospect of continued activity; but for this great journalist the bell had struck "Thirty." He died October 2, 1928.

New York, January 25, 1928.

Mr. Schwab feels very kindly toward Hoover, knows him very well, and has crossed the country with him, and thinks he would make an admirable president, but he doubts if he can be elected against Al Smith.

"I think," said Schwab, "that Mellon may be the next President. I don't think he is too old. The people have been educated to see how he has reduced expenses, handled the national finances, and what a success he has made."

Washington, D. C., February 10, 1928.

Secretary Mellon had read my last Wall Street sermon, "Wealth Creation by Finance." He said to me: "Credit is the larger part of the whole structure in finance.

"Before the Revolution, Russia was one of the wealthiest countries of the world. Then the Soviets thought they would grab this wealth, and they destroyed the structure of credit, and found only the dregs of gold. The wealth had evaporated. It was as if you had burned down the house to get the nails."

He was surprised that I had heard of the Mellon Institute. He said he and his family founded that a few years ago in the interest of research, and it cost them $80,000 a year at the start. But the plan was to make practical the applications of pure research, and different interests subscribed each to a different department of research. "For instance, my company, the Gulf Oil, bought the right to the results from research in oil and natural gas. We are not largely in the natural gas business, but when we found a new gas of greater intensity than has yet been discovered, we sold it to Mr. Trees, of Benedum Trees.[1] He incorporated a company, and I believe has made considerable money out of it.

"We stumbled upon something that was the basis of a cure for epilepsy, and we turned that over to somebody else."

Miami, Florida, March 10, 1928.

Dined with Colonel Robert M. Thompson[2] on the houseboat *Everglades* at the Royal Palm Dock.

On Colonel Thompson's right was Gene Tunney.[3] He has made a million in the prize ring and will retire when he gets another million. He is six feet, one and one-half inches tall, but looks taller, his hands, shoulders, and head being larger than the average. He will touch no alcohol and eats sparingly.

On Train to New York, April 11, 1928.

Henry Sharpe[4] is president of the Community Fund of Providence, Rhode Island. He said:

[1] Joe Clifton Trees, vice-president Benedum Trees Oil Co., etc. Born, Westmoreland Co., Pa., 1869.

[2] Graduate U. S. Naval Acad., Col. Gov's. Staff, N. J. Member Boston Common Council, 1876-78; first president Olympic Ass'n. Born, Corsica, Pa., 1849.

[3] Then heavyweight champion of the world.

[4] Henry D. Sharpe, treas. Brown & Sharpe Mfg. Co. Trustee Brown University. Born, Providence, R. I., 1872.

"Rhode Island is unlike either Massachusetts or Connecticut. Roger Williams [5] has left his stamp upon Rhode Island. His philosophy is still the philosophy of Rhode Island—love and protection for individual liberty. The Rhode Island people were the first to strike for liberty, even before Bunker Hill. They furnished General Greene, who was, next after Washington, the ablest Commander in the Revolution. They sat back and would not sign the Constitution until after they received their bill of rights.

"Rhode Island and Connecticut have never yet ratified the 18th Amendment. Rhode Island regarded it as a local issue. They went to battle for the Union rather than for the slaves. Rhode Island believes in States rights even more than the South. They considered slavery, eating, and drinking, prohibition, and vice all matters for local regulation."

New York, April 12, 1928.

Spent an hour and a half with August Heckscher [6] at 50 East 42d Street. He said he has just sold that building at a profit of $2,000,000. Another high building is to be built all around it. These buildings earn better than ten per cent and pay ten per cent dividends. He said: "McKinley [7] had to borrow the money for his inauguration clothes and to go to Washington. Coolidge was worth only $10,000 when he found himself President. Mellon proposed a fund of $2,000,000, the income of which should go to Presidents when they were out of office. Coolidge replied, 'Do anything you please after me, but nothing for me.'

"I am eighty years old and hope to go abroad again soon to look after my charities there. The hospital which I back in Munich for people who had had their brains shot away is now self-sustaining and I propose to back a man in Germany who believes that criminals can be helped by slight surgical operations upon their brains."

New York, April 12, 1928. W. F. Bartholomew said:

"Durant made nearly $1,000,000 recently in Anaconda.

[5] (1604-1683.) Founder Providence, R. I., in 1636 with government based on complete religious toleration. Born, London, England.

[6] Capitalist, philanthropist; coal, zinc, real estate. Chairman Heckscher Foundation for Children. Born, Hamburg, Germany, 1848.

[7] William McKinley (1843-1901); 25th President of the United States, 1893-1901. Assassinated.

He accumulated 100,000 shares at 59 to 61, advanced the shares and then one day he opened it up one point at 71. He sold all of his stock at an average of 69 and cleared about $800,000. He is out of all his pools and all his stocks and is now going to Europe.

"Arthur Cutten [8] has bought all of Mrs. Armour's 900,000 shares of Armour B at 6½ per share. The company may earn as much as $2 a share on the stock or $35,000,000 net earnings this year.

"Mike Meehan put up Bethlehem Steel."

New York, April 13, 1928. Ellis P. Earle [9] said:

"When will this market debauch stop? I sold yesterday four per cent preferred shares at above 70 that are callable at 60 and can never pay more than four per cent."

April 11, 1928.

On train from Providence to New York lunched with G. Edward Buxton.[11]

Buxton would not be surprised if the report were true that the Phippses [12] represented $600,000,000.

New York, April 13, 1928. Starling W. Child [13] said:

"There is a revolution on in industrial stocks now that we can issue bonds to take up high-priced preferred shares.

"Byllesby & Company [14] have sold stock to the public to the extent that they have 1,000,000 stockholders owning less than five shares each.

"The War Finance Corporation would not give any financial help to the power companies which were called upon to supply the power to the war industries, so the electric power

[8] Grain and stock broker, Chicago. Born, Guelph, Ont.

[9] President Granby Co. Mining, Smelting & Power Co., Ltd.

[11] Pres., treas. and dir. B. B. & R. Knight Corp., Providence. Director Converse & Co., N. Y.

[12] Of Pittsburgh, Colorado, and Florida.

[13] Vice-president Bonbright & Co. Electrical Utilities Corp., etc.

[14] Public Utility operators.

and public utilities companies had to sell their own stock and do their own financing. This forced customer ownership which has been the salvation of the industry.

"The Minneapolis Electric Light Company, now a part of the Northern States Power Company paying eight per cent, was formerly owned by Stone & Webster, but they did not get along very well in their Boston ways with the Northwestern people, and Byllesby took over the company."

New York, April 7, 1928. Griffis [15] of Hemphill, Noyes & Company said:

"Where I live, in the Carlton House, I find they have lost their manager and many of their servants who have grown rich buying General Motors."

New York, April 20, 1928. Joseph J. Bodell [16] said:

"Enormous consolidation is planning around Consolidated Gas, U. G. I., Consolidated Gas of Baltimore, Brooklyn Union Gas, Public Service of New Jersey, International Paper, etc., by which power will be taken from Canada and electric rates reduced, especially power service in the territory developed.

"The agreement between the Bank of England and the Washington Federal Reserve authorities many months ago was that we would force the export of $725,000,000 of gold by reducing the bank rates here, thus helping stabilization in France and Europe and putting France on a gold basis.

"Chicago kicked over the traces and Crissinger [17] lost his position. Then the agreement was broken in another respect, but it was again restored.

"Baker [18] is worth a billion and a half—owns the control of Lackawanna and is the richest man in the world.

[15] Stanton Griffis, member Hemphill, Noyes & Co.

[16] Director Providence Community Fund, N. E. Power, Mass. Utilities, etc., partner Bodell & Co., Providence, R. I.

[17] Daniel R. Crissinger. Comptroller of Currency, 1921-23; Gov. Federal Reserve Board to Sept. 25, 1927, when resigned. Chairman F. H. Smith Co., Washington, D. C. Born, Marion, O., 1860.

[18] George F. Baker of the First National Bank, N. Y.

"Anderson [19] of J. P. Morgan & Company is dominating the finances of the Erie and considers it a great property."

New York, April 15, 1928.

William Boyce Thompson left Boston with $50,000, speculated in a bull market and made $1,500,000, mostly in American Sugar. Then went into Nevada Consolidated at $8 and Ely at $1. Later Utah Copper. He had an option on Nipissing at $4 and sold it at $20 before it went to $34.

Amster [20] is worth $45,000,000.

Bernard Baruch buying heavily of Interborough. Walker [21] may fall for seven-cent fare and that may mean $250 for Interborough.

Lawyer Chadbourne knows all about the situation, as well as the B. M. T.

New York, May 31, 1928.

Arthur Curtis James is likely to be away several months as he goes soon to the Spanish races.

Wiggin says that Lamont [22] of the American Steel Foundries is the center of all good works in Chicago.

On Train Boston to New York, June 4, 1928.

Frederick H. Prince with me en route to New York says: "The first money I ever made was catching mackerel and when I sold those fish for $15 that was the happiest $15 I ever had.

"When I went into State Street my first deal was with Hoxie [23] in M. K. & T. and I made $150,000. Then I put $75,000 into the Housatonic which was the first railroad I ever bought. I bought it on joint account with Bostwick,[24] and out of this I made $400,000.

"James Phillips, Jr., came to me originally with the Ameri-

[19] Arthur M. Anderson, partner J. P. Morgan & Co., since 1926. Born, East Orange, N. J., 1880.

[20] Nathan L. Amster, chairman Investors Protective Ass'n of America, etc.

[21] James J. Walker, mayor of New York City since 1925. Born, Greenwich Village, N. Y. City, 1881.

[22] Robert P. Lamont, secretary of Commerce. President A. S. F. since 1912; chairman Griffin Wheel Co. Born, Detroit, Mich., 1867.

[23] Probaby H. M. Hoxie, first vice-president of Missouri Pacific in 1885.

[24] A broker mentioned in many of the early Barron papers.

can Woolen Company propositions, and I undertook to raise the first $11,000,000. I went to Frederick Ayer [25] and he said he would sign, and I said, 'Won't you let me sign first?' He said that was certainly my position, and I wrote down $1,000,000, and he was going to write a million under it, but I said: 'Mr. Ayer, this does not go with your large interest in the Washington mills in this enterprise unless you put down for $3,000,000; otherwise, I must quit,'—and he wrote himself down for $3,000,000.

"Then I went to Baring's New York representative and got them for a million, and Morgan seeing their name, wrote down a million.

"Did I ever tell you how I sold the Ætna Powder Company? Billy Coolidge, Lothrop Ames,[26] and myself were each in the Ætna Powder for half a million. They had difficulty in financing and could not get orders. The Morgan people gave all the powder orders to the du Pont people. Odell [27] of New York was appointed receiver and the Seligmans [28] started in to make a reorganization. I said, 'Mr. Strauss,[29] please let this company alone; it has millions due it and if let alone will work out all right.' But they persisted, and I said, 'You shall not reorganize it.'

"Billy Coolidge sold out at a $300,000 loss and Ames sold out and I stood alone. The allegation was, according to Coolidge, that we could not get orders because of German influence, so I had a letter written demanding to know how much the directors of the company had of German money, and when the meeting of the stockholders was held I had printed copies of the anonymous letter circulated. Stockholders arose and demanded how much German money the firm had. Of course Seligman and Bache had German money, and they were frightened to death.

"The Strauss people said, 'Mr. Prince, are you responsible for this anonymous circulation?' I said: 'Go ahead and answer

[25] Medicine and textile manufacturer, 1822-1918. Born, Ledyard, Conn.

[26] F. Lothrop Ames, a descendant of Oliver Ames, has been dead some years. Born, 1876.

[27] Benjamin B. Odell (1854-1926), Governor of N. Y. 1901-5. Born, Newburgh, N. Y. M. C. 1905-9.

[28] J. & W. Seligman Co.

[29] Either Frederick Strauss, the present head of the house, or Albert Strauss, his brother and predecessor. Albert Strauss died 1929, after being a member of Seligman's since 1901, except for 1918-21 in which, having resigned, he rendered distinguished services as vice-governor of the Federal Reserve Board. Born, New York City, 1864.

the gentleman's question. How much German money have you?'

"Of course, they could not answer and the reorganization was never pressed. Later there was $16 a share in the treasury, as the money had come in. My stock cost me about $15. Mr. Odell moved that I be dropped from the directorate as I was objecting to everything in the way of investing this money. While he was talking I was just poring over my file of letters. Then I said, 'Are you through?' And I arose and read a circular I proposed to send to all the stockholders unless my motion was carried, which motion was that the company distribute the cash, or about $16 a share and wind up. We sold the miscellaneous assets and I got out my money and a profit.

"I have had a lot of fun in my life. I am buying Western Pacific at 35 and 34 because Arthur Curtis James paid 37 for control of the company, selling 200,000 shares of his 400,000 shares of Southern Pacific which he got in exchange for his Phelps-Dodge road.

"I figure that if Arthur Curtis James can afford to sell Southern Pacific and buy this Western Pacific at 37 I can afford to buy it at a less price.

"J. P. Morgan is a good citizen and is a good fellow, but his father did not leave him the money he ought to. In fact, his father owed Duveen [30] $7,000,000 for art works when he died.

"Harry Payne Whitney is through with Sinclair.

"There is money in the oil business all along the line; money in production, money in transportation, money in refining, money in cracking, and money in distributing oil."

Kansas City, Mo., June 15, 1928, at the Republican National Convention. Met Thomas Cochran and Cornelius Bliss [31] this afternoon at the Muehlbach Hotel. Cochran said:

"The political outlook looks a little disheartening for me, and I do not see the temptation for people to go in and buy stocks.

"I think there will be a gradual settling down as people realize that Al Smith is sure to carry New York and Massachusetts, and I cannot see that the Hoover ticket can win.

[30] Art dealer.

[31] New York merchant and banker; president N. Y. Ass'n for Improving the Condition of the Poor. Born, N. Y. City, 1874.

"Minnesota is in absolute revolt against Hoover.[32] He went out there in the war time and stimulated them to wheat raising, told them they were to be the granary of the world, and now they feel they have been unjustly treated by the rest of the country."

En route to Chicago, from New York, June 17, 1927. E. L. Doheny said:

"I never had an oil negotiation with Fall in my life.

"The Chase Bank and Blair & Company sold out their interest in Pan-American Eastern at a profit to Standard Oil of Indiana, which I think now has five-sevenths of the controlling shares."

New York, June 21, 1928. Albert H. Wiggin[33] said:

"We had arranged to buy the Bank of America at under $400 per share but we split on the question of issuing Chase Bank shares, which they wanted. We were willing to pay cash.

"We cannot see the value in International Combustion.[35] It earned less than $3 and may be worth $35, yet our friends in Detroit take it by main force and put it up and attract a lot of small people into it, but of course they cannot sell out the volume of stock they have bought."

Cohasset, July 13, 1928.

Louis K. Liggett tells me that his people in Wilmington, Delaware, confirm report that he has from other sources that John J. Raskob pledged a million to the campaign fund for Al Smith this year.

New York, July 13, 1928. Met C. K. Woodbridge,[36] President of Electric Refrigeration Company. He said:

"We are gradually merging the Nizer in with Kelvinator

[32] Minnesota voted, November, 1928—Hoover, 560,997; Smith, 396,451.
[33] President Chase National Bank, New York.
[35] International Combustion Engineering Co., in receivership, 1929.
[36] Former president Dictaphone Co. Born, Salmon Falls, N. H., 1881.

organization, and we have cut selling expenses from $500,000 to under $300,000 a month.

"We are doing about one third the amount of business done by Frigidaire. We are the second in this line, and there really is no third. It is a good manufacturing business, and the General Motors people have no intention of running us out. It would be bad for them."

En route Portland to Rockland, August 8, 1928. Edward B. Aldrich [37] said:

"The Aldrich Estate is of about ninety-six acres and pays $8,000 taxes. Father (Senator Aldrich) bought his half-million dollar yacht for $25,000 so he could sleep nights on the way to New York and on his return. He spent $25,000 more to fix it up, sold without loss, and when it burned another fellow collected $150,000 insurance. The president of the —— Bank asked him to make a bid for the president's yacht. Father said he could not afford it. The fellow said, 'Make me a bid anyway.' Father bid $25,000 and the banker said, 'The boat is yours.'

"I think Ford's scheme of rubber in Brazil is foolish. When I ran the Guayule Company there was an upturn in rubber and I paid off $4,000,000 of bonds and paid good dividends. The cost of producing rubber in the Far East is about twenty-two cents a pound. Guayule is a wild shrub that is crushed in the making of rubber. They are cultivating it now in California. Rubber can be produced from it at about the same cost as in Java."

Bar Harbor, Maine, August 10, 1928. Spent more than a half hour with Mrs. John D. Rockefeller, Jr., her boy Winthrop Rockefeller, sixteen years of age, and over six feet, at The Eyre, Seal Harbor. She remembered my stories of Sir Basil Zaharoff and desired to know more about him.

We discussed her family, my recent dinner with her brother, and the deafness of Edward B. Mrs. Rockefeller thought Providence and Rhode Island very narrow and behind the times. They knew nothing about woman suffrage when New York and the country were discussing it, and when it was settled

[37] Son of the late Senator Nelson W. Aldrich of Rhode Island and brother of Mrs. John D. Rockefeller, Jr.

Providence and Rhode Island began to talk about it. She was much interested in the election. Said the Loewenstein [38] people had asked to see the pictures in their house and they were given access to it with the statement that Mrs. Rockefeller would not be there. Mrs. Loewenstein came but her husband did not come. She was said by the people at Mrs. Rockefeller's house to be very beautiful. I invited Mrs. Rockefeller to come and see my pictures and she asked me to come and see hers.

She said, "I have advised Ned (her brother Edward) to cut off the wings of that house and make a very good home out of the center of it."

Spent an interesting half hour with Edsel Ford [39] at his home, which is said to be higher than the Rockefeller home. Edsel Ford was much interested in the Hoover article, said he might be somewhat responsible for the external design of the new Ford but that it was altogether a matter of organization.

Met on Dr. Kast's piazza Charles M. Connfelt,[40] who said:

"Stone gave away his money during his life, made all of his family rich, and you may be right that he left only $15,000,000 in his estate.

"Dahl [41] is now very rich and made his money from B. M. T. He left the firm because he could not attend to the business of the firm and look out for B. M. T. at the same time.

"Delaware & Hudson sold securities for $32,000,000 and bought Lehigh and Wabash and made $20,000,000 profit. It now has $120,000,000 profit. It now has $120,000,000 cash in its treasury. It sells at about 190 and its coal properties are worth $60,000,000. There must be a division there some time.

"I went down to see Irénée du Pont and asked him why he and his associates went into United States Rubber. I understand they put about $15,000,000 into it but I do not understand why they have not yet gone on the board. They have had men going over the books for two years. Ireneé told me that the United States Rubber had a business of $200,000,000 a year and should make six per cent on that turnover, which is

[38] Major Alfred Loewenstein, Belgian capitalist, visited America not long before he leaped or fell from an airplane while crossing the English Channel.

[39] Son of Henry Ford. President Ford Motor. Born, Detroit, Mich., 1893.

[40] With Hayden, Stone & Co., sec.-treas. Finance & Holding Corp.

[41] Gerhard M. Dahl; chairman Brooklyn-Manhattan Transit Corp. Born, Ft. Howard, Wis., 1876.

$12,000,000 a year, and it should make $6,000,000 from its rubber plantations.

"Now deducting $5,000,000 for interest and $5,000,000 for preferred dividends, there are $6,000,000 or $7,000,000 left for the $80,000,000 of common, and in good times it should make ten per cent.

"I believe the courts will uphold the seven-cent fare and that this is only a beginning, and that there are possibilities of 200 for I. R. T."[42]

Bar Harbor, Maine, August 12, 1928. Called upon Bishop Lawrence[43] by appointment at his home this Sunday afternoon at 4 P.M. and spent an interesting hour, with a beautiful panorama view over Frenchman's Bay. Had a taste of the J. P. Morgan tea, a chest of which is sent the Bishop every year. The Bishop has sixteen grandchildren here, is seventy-eight years old, but is in good health and preached this morning.

He has been coming here fifty-eight years and is the oldest summer resident on the island. He built his house forty years ago. In the depths of the real estate depression at Bar Harbor seven or eight years ago he bought two big adjoining houses, $7,000 and $3,000 each, fully furnished with silver and everything.

He said: "John D. Rockefeller, Jr., building carriage roads here when he alone has horses, is antagonizing the people, as I told him right here on this piazza. He is asking the Hancock trustees for the right to go through some of their remaining lands, which may make an issue, as the picks and shovels are right up against him."

The Bishop is engaged in making addresses and rounding up an organization to preserve the beauty of the island, on which there are still no advertising signs.

Bar Harbor, Maine, August 28, 1928.

Called on John T. Dorrance,[44] director of the Pennsylvania Railroad and sole owner of Campbell's Soups, spending $3,500,000 a year in advertising.

[42] Interborough Rapid Transit.

[43] William Lawrence, Protestant Episcopal bishop of Boston, 1893-1926. Born, Boston, 1850.

[44] President Campbell Soup Co. since 1914; director National Bank of Commerce, New York. Born, Bristol, Pa., 1873.

Dorrance is fifty-four years old, has been to Badenheim for heart failure. Now goes to bed every night at 9 P.M. and has been resting for nearly a year and a half. His German doctors tell him that if he will rest his heart and be careful they will put him back to where he was at thirty.

He was educated in Germany and bears the title of Doctor of Philosophy. When he graduated he gave his father and mother everything he had, and his first job as a chemist was to find a proper coloring for tomato ketchup. The result was his control of Campbell's Soups.

Dorrance says that Vauclain of Baldwin Locomotive is a very wonderful man at over seventy, rising at 6 A.M. but retiring at 9 P.M. Samuel Rea can be a director but not an officer of the Pennsylvania Railroad. He is over seventy.

Atterbury is too busy. Alexander [45] of the National Bank of Commerce, of which Dorrance is a director, is a great banker. Dorrance is a director of Pennsylvania Railroad but has not been attending meetings for over a year. He is after health now more than anything else. He agrees that the Pennsylvania Railroad is too much of an engineer's proposition, and that Frick had too large an interest in it for his own good. Atterbury is making good with the Pennsylvania.

Wanted to know my idea on United States Rubber and we agreed that Seger was unhappy and would like to be let out and have somebody else take the responsibility, but he could not afford to resign and leave a failure behind him. The trouble with United States Rubber is lack of research. They had three years' supply of rubber cement or latex go sour on them suddenly and they never have been able to tell why.

Sanitarium, Battle Creek, September 26, 1928. Dr. John H. Kellogg says:

"They only offered us the Royal Palm site at $1 and free of taxes for five years. It isn't large enough and is noisy. I can tell you confidentially we are leaning toward Clearwater which is within twenty miles of the largest population in Florida in a given area. The bluff is seventy-five feet high, on a beautiful sandy beach. We can have the land and beach and $5,000,000 besides. The location is within twenty miles of Tampa and St. Petersburg.

[45] James S. Alexander, president, 1911-23. Later chairman. Born, Tarrytown, N. Y., 1865.

"The Battle Creek Sanitarium should have the right to name the trustee holding the property, because we must protect the Battle Creek name. Some General Motors people with plenty of millions are behind the Clearwater development.

"I hear Postum paid $40,000,000 for Maxwell Coffee. Bowman told me this. I do not think he has a dollar in Miami Biltmore at Coral Gables. He was paid $100,000 a year to give his name and management to it. I understand the hotel is for sale for $6,000,000. I do not believe Bowman has bought it for $3,000,000.

"The best thing they could do would be to give it to us and we could move right in and make a great development that would redeem Coral Gables. They have the outlook for golf grounds and the land and an ideal structure and situation.

"After they fool around for a few years they will probably be willing to give it to us and we shall be at liberty to take it for we will not be exclusively at Clearwater.

"I think people will be nervous over Florida hurricanes for some time.

"I warned you years ago that diabetes, kidney trouble, or something would get you if you did not reduce weight and correct your living, and you are caught in the liver. You will feel better in a few weeks, and then your danger will be that you will forget what you have been through and what you are liable for.

"You should steadily reduce your weight to below two hundred and sixty, and with time the lower the better.

"You have had a very narrow escape and will probably never again have a full healthy liver but you have got a piece left and can build back so with care you may live fifteen or twenty years."

EDITORS' NOTE: This warning is the last of the Barron notes. Mr. Barron died at the Sanitarium, six days later, on October 2, 1928.

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